

SUBSTITUTE FOR
SENATE BILL NO. 279

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 3, 4, 6, 11, 11a, 11f, 11g, 11j, 18, 19, 20,
20j, 22a, 22b, 22d, 24, 25, 26a, 31a, 31d, 32c, 32d, 32j, 37, 39,
39a, 41, 41a, 51a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a,
98, 98b, 99, 107, 147, 158b, and 164c (MCL 388.1603, 388.1604,
388.1606, 388.1611, 388.1611a, 388.1611f, 388.1611g, 388.1611j,
388.1618, 388.1619, 388.1620, 388.1620j, 388.1622a, 388.1622b,
388.1622d, 388.1624, 388.1625, 388.1626a, 388.1631a, 388.1631d,
388.1632c, 388.1632d, 388.1632j, 388.1637, 388.1639, 388.1639a,
388.1641, 388.1641a, 388.1651a, 388.1651c, 388.1651d, 388.1653a,
388.1654, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1674,
388.1681, 388.1694a, 388.1698, 388.1698b, 388.1699, 388.1707,
388.1747, 388.1758b, and 388.1764c), sections 3, 4, 6, 11f, 11g,
11j, 19, 20, 20j, 22a, 22b, 24, 26a, 31d, 32c, 32d, 32j, 37, 39a,

41, 41a, 51c, 51d, 53a, 54, 56, 57, 61a, 62, 74, 81, 94a, 98, 99, 107, 147, and 158b as amended and section 22d as added by 2004 PA 351, sections 11 and 51a as amended by 2004 PA 518, section 11a as added by 2003 PA 158, section 18 as amended by 2004 PA 414, section 25 as amended by 2000 PA 297, sections 31a and 98b as amended by 2004 PA 593, section 39 as amended by 2002 PA 191, and section 164c as added by 1995 PA 130, and by adding sections 26b and 32l; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Average daily attendance", for the purposes of
2 complying with federal law **AND EXCEPT AS USED IN SECTION 6(4)(BB)**,
3 means 92% of the membership as defined in section 6(4).

4 (2) "Board" means the governing body of a district or public
5 school academy.

6 (3) "Center" means the center for educational performance and
7 information created in section 94a.

8 (4) "Cooperative education program" means a written voluntary
9 agreement between and among districts to provide certain
10 educational programs for pupils in certain groups of districts. The
11 written agreement shall be approved by all affected districts at
12 least annually and shall specify the educational programs to be
13 provided and the estimated number of pupils from each district who
14 will participate in the educational programs.

15 (5) "Department", except in sections 107 and 107b, means the
16 department of education.

17 (6) "District" means a local school district established under
18 the revised school code, a local act school district, or, except in

1 sections 6(4), 6(6), 13, 20, 22a, 23, 31a, 105, and 105c, a public
2 school academy. Except in sections 6(4), 6(6), 13, 20, 22a, 105,
3 and 105c, district also includes a university school.

4 (7) "District of residence", except as otherwise provided in
5 this subsection, means the district in which a pupil's custodial
6 parent or parents or legal guardian resides. For a pupil described
7 in section 24b, the pupil's district of residence is the district
8 in which the pupil enrolls under that section. For a pupil
9 described in section 6(4)(d), the pupil's district of residence
10 shall be considered to be the district or intermediate district in
11 which the pupil is counted in membership under that section. For a
12 pupil under court jurisdiction who is placed outside the district
13 in which the pupil's custodial parent or parents or legal guardian
14 resides, the pupil's district of residence shall be considered to
15 be the educating district or educating intermediate district.

16 (8) "District superintendent" means the superintendent of a
17 district, the chief administrator of a public school academy, or
18 the chief administrator of a university school.

19 Sec. 4. (1) "Elementary pupil" means a pupil in membership in
20 grades K to 8 in a district not maintaining classes above the
21 eighth grade or in grades K to 6 in a district maintaining classes
22 above the eighth grade.

23 (2) "Extended school year" means an educational program
24 conducted by a district in which pupils must be enrolled but not
25 necessarily in attendance on the pupil membership count day in an
26 extended year program. The mandatory ~~days of student instruction~~
27 ~~and prescribed~~ clock hours shall be completed by each pupil not

1 more than 365 calendar days after the pupil's first day of classes
2 for the school year prescribed. The department shall prescribe
3 pupil, personnel, and other reporting requirements for the
4 educational program.

5 (3) "Fiscal year" means the state fiscal year that commences
6 October 1 and continues through September 30.

7 (4) "General educational development testing preparation
8 program" means a program that has high school level courses in
9 English language arts, social studies, science, and mathematics and
10 that prepares a person to successfully complete the general
11 educational development (GED) test.

12 (5) "High school pupil" means a pupil in membership in grades
13 7 to 12, except in a district not maintaining grades above the
14 eighth grade.

15 Sec. 6. (1) "Center program" means a program operated by a
16 district or intermediate district for special education pupils from
17 several districts in programs for the autistically impaired,
18 trainable mentally impaired, severely mentally impaired, severely
19 multiply impaired, hearing impaired, physically and otherwise
20 health impaired, and visually impaired. Programs for emotionally
21 impaired pupils housed in buildings that do not serve regular
22 education pupils also qualify. Unless otherwise approved by the
23 department, a center program either shall serve all constituent
24 districts within an intermediate district or shall serve several
25 districts with less than 50% of the pupils residing in the
26 operating district. In addition, special education center program
27 pupils placed part-time in noncenter programs to comply with the

1 least restrictive environment provisions of section 612 of part B
2 of the individuals with disabilities education act, 20 USC 1412,
3 may be considered center program pupils for pupil accounting
4 purposes for the time scheduled in either a center program or a
5 noncenter program.

6 (2) "District and high school graduation rate" means the
7 annual completion and pupil dropout rate that is calculated by the
8 center pursuant to nationally recognized standards.

9 (3) "District and high school graduation report" means a
10 report of the number of pupils, excluding ~~migrant and~~ adult
11 **PARTICIPANTS**, in the district for the immediately preceding school
12 year, adjusted for those pupils who have transferred into or out of
13 the district or ~~transferred to alternative programs~~ **HIGH SCHOOL**,
14 who leave high school with a diploma or other credential of equal
15 status.

16 (4) "Membership", except as otherwise provided in this act,
17 means for a district, public school academy, university school, or
18 intermediate district the sum of the product of .75 times the
19 number of full-time equated pupils in grades K to 12 actually
20 enrolled and in regular daily attendance on the pupil membership
21 count day for the current school year, plus the product of .25
22 times the final audited count from the supplemental count day for
23 the immediately preceding school year. All pupil counts used in
24 this subsection are as determined by the department and calculated
25 by adding the number of pupils registered for attendance plus
26 pupils received by transfer and minus pupils lost as defined by
27 rules promulgated by the superintendent, and as corrected by a

1 subsequent department audit. The amount of the foundation allowance
2 for a pupil in membership is determined under section 20. In making
3 the calculation of membership, all of the following, as applicable,
4 apply to determining the membership of a district, public school
5 academy, university school, or intermediate district:

6 (a) Except as otherwise provided in this subsection, and
7 pursuant to subsection (6), a pupil shall be counted in membership
8 in the pupil's educating district or districts. An individual pupil
9 shall not be counted for more than a total of 1.0 full-time equated
10 membership.

11 (b) If a pupil is educated in a district other than the
12 pupil's district of residence, if the pupil is not being educated
13 as part of a cooperative education program, if the pupil's district
14 of residence does not give the educating district its approval to
15 count the pupil in membership in the educating district, and if the
16 pupil is not covered by an exception specified in subsection (6) to
17 the requirement that the educating district must have the approval
18 of the pupil's district of residence to count the pupil in
19 membership, the pupil shall not be counted in membership in any
20 district.

21 (c) A special education pupil educated by the intermediate
22 district shall be counted in membership in the intermediate
23 district.

24 (d) A pupil placed by a court or state agency in an on-grounds
25 program of a juvenile detention facility, a child caring
26 institution, or a mental health institution, or a pupil funded
27 under section 53a, shall be counted in membership in the district

1 or intermediate district approved by the department to operate the
2 program.

3 (e) A pupil enrolled in the Michigan schools for the deaf and
4 blind shall be counted in membership in the pupil's intermediate
5 district of residence.

6 (f) A pupil enrolled in a vocational education program
7 supported by a millage levied over an area larger than a single
8 district or in an area vocational-technical education program
9 established pursuant to section 690 of the revised school code, MCL
10 380.690, shall be counted only in the pupil's district of
11 residence.

12 (g) A pupil enrolled in a university school shall be counted
13 in membership in the university school.

14 (h) A pupil enrolled in a public school academy shall be
15 counted in membership in the public school academy.

16 (i) For a new district, university school, or public school
17 academy beginning its operation after December 31, 1994, membership
18 for the first 2 full or partial fiscal years of operation shall be
19 determined as follows:

20 (i) If operations begin before the pupil membership count day
21 for the fiscal year, membership is the average number of full-time
22 equated pupils in grades K to 12 actually enrolled and in regular
23 daily attendance on the pupil membership count day for the current
24 school year and on the supplemental count day for the current
25 school year, as determined by the department and calculated by
26 adding the number of pupils registered for attendance on the pupil
27 membership count day plus pupils received by transfer and minus

1 pupils lost as defined by rules promulgated by the superintendent,
2 and as corrected by a subsequent department audit, plus the final
3 audited count from the supplemental count day for the current
4 school year, and dividing that sum by 2.

5 (ii) If operations begin after the pupil membership count day
6 for the fiscal year and not later than the supplemental count day
7 for the fiscal year, membership is the final audited count of the
8 number of full-time equated pupils in grades K to 12 actually
9 enrolled and in regular daily attendance on the supplemental count
10 day for the current school year.

11 (j) If a district is the authorizing body for a public school
12 academy, then, in the first school year in which pupils are counted
13 in membership on the pupil membership count day in the public
14 school academy, the determination of the district's membership
15 shall exclude from the district's pupil count for the immediately
16 preceding supplemental count day any pupils who are counted in the
17 public school academy on that first pupil membership count day who
18 were also counted in the district on the immediately preceding
19 supplemental count day.

20 (k) In a district, public school academy, university school,
21 or intermediate district operating an extended school year program
22 approved by the superintendent, a pupil enrolled, but not scheduled
23 to be in regular daily attendance on a pupil membership count day,
24 shall be counted.

25 (l) Pupils to be counted in membership shall be not less than 5
26 years of age on December 1 and less than 20 years of age on
27 September 1 of the school year except a special education pupil who

1 is enrolled and receiving instruction in a special education
2 program or service approved by the department and not having a high
3 school diploma who is less than 26 years of age as of September 1
4 of the current school year shall be counted in membership.

5 (m) An individual who has obtained a high school diploma shall
6 not be counted in membership. An individual who has obtained a
7 general educational development (G.E.D.) certificate shall not be
8 counted in membership. An individual participating in a job
9 training program funded under former section 107a or a jobs program
10 funded under former section 107b, administered by the Michigan
11 strategic fund or the department of labor and economic growth, or
12 participating in any successor of either of those 2 programs, shall
13 not be counted in membership.

14 (n) If a pupil counted in membership in a public school
15 academy is also educated by a district or intermediate district as
16 part of a cooperative education program, the pupil shall be counted
17 in membership only in the public school academy unless a written
18 agreement signed by all parties designates the party or parties in
19 which the pupil shall be counted in membership, and the
20 instructional time scheduled for the pupil in the district or
21 intermediate district shall be included in the full-time equated
22 membership determination under subdivision (q). However, for pupils
23 receiving instruction in both a public school academy and in a
24 district or intermediate district but not as a part of a
25 cooperative education program, the following apply:

26 (i) If the public school academy provides instruction for at
27 least 1/2 of the class hours specified in subdivision (q), the

1 public school academy shall receive as its prorated share of the
2 full-time equated membership for each of those pupils an amount
3 equal to 1 times the product of the hours of instruction the public
4 school academy provides divided by the number of hours specified in
5 subdivision (q) for full-time equivalency, and the remainder of the
6 full-time membership for each of those pupils shall be allocated to
7 the district or intermediate district providing the remainder of
8 the hours of instruction.

9 (ii) If the public school academy provides instruction for less
10 than 1/2 of the class hours specified in subdivision (q), the
11 district or intermediate district providing the remainder of the
12 hours of instruction shall receive as its prorated share of the
13 full-time equated membership for each of those pupils an amount
14 equal to 1 times the product of the hours of instruction the
15 district or intermediate district provides divided by the number of
16 hours specified in subdivision (q) for full-time equivalency, and
17 the remainder of the full-time membership for each of those pupils
18 shall be allocated to the public school academy.

19 (o) An individual less than 16 years of age as of September 1
20 of the current school year who is being educated in an alternative
21 education program shall not be counted in membership if there are
22 also adult education participants being educated in the same
23 program or classroom.

24 (p) The department shall give a uniform interpretation of
25 full-time and part-time memberships.

26 (q) The number of class hours used to calculate full-time
27 equated memberships shall be consistent with section 101(3). In

1 determining full-time equated memberships for pupils who are
2 enrolled in a postsecondary institution, a pupil shall not be
3 considered to be less than a full-time equated pupil solely because
4 of the effect of his or her postsecondary enrollment, including
5 necessary travel time, on the number of class hours provided by the
6 district to the pupil.

7 (r) Full-time equated memberships for pupils in kindergarten
8 shall be determined by dividing the number of class hours scheduled
9 and provided per year per kindergarten pupil by a number equal to
10 1/2 the number used for determining full-time equated memberships
11 for pupils in grades 1 to 12. **HOWEVER, FOR A PUPIL WHO IS ELIGIBLE**
12 **TO ENROLL IN KINDERGARTEN BUT IS ENROLLED IN A PREKINDERGARTEN**
13 **CLASS, THE PUPIL SHALL BE COUNTED AS NOT MORE THAN 1/2 OF A FULL-**
14 **TIME EQUATED MEMBERSHIP, WITH FULL-TIME EQUATED MEMBERSHIP**
15 **DETERMINED BY DIVIDING THE NUMBER OF CLASS HOURS SCHEDULED AND**
16 **PROVIDED PER YEAR PER PREKINDERGARTEN PUPIL BY A NUMBER EQUAL TO**
17 **1/2 THE NUMBER USED FOR DETERMINING FULL-TIME EQUATED MEMBERSHIPS**
18 **FOR PUPILS IN GRADES 1 TO 12.**

19 (s) For a district, university school, or public school
20 academy that has pupils enrolled in a grade level that was not
21 offered by the district, university school, or public school
22 academy in the immediately preceding school year, the number of
23 pupils enrolled in that grade level to be counted in membership is
24 the average of the number of those pupils enrolled and in regular
25 daily attendance on the pupil membership count day and the
26 supplemental count day of the current school year, as determined by
27 the department. Membership shall be calculated by adding the number

1 of pupils registered for attendance in that grade level on the
2 pupil membership count day plus pupils received by transfer and
3 minus pupils lost as defined by rules promulgated by the
4 superintendent, and as corrected by subsequent department audit,
5 plus the final audited count from the supplemental count day for
6 the current school year, and dividing that sum by 2.

7 (t) A pupil enrolled in a cooperative education program may be
8 counted in membership in the pupil's district of residence with the
9 written approval of all parties to the cooperative agreement.

10 (u) If, as a result of a disciplinary action, a district
11 determines through the district's alternative or disciplinary
12 education program that the best instructional placement for a pupil
13 is in the pupil's home, if that placement is authorized in writing
14 by the district superintendent and district alternative or
15 disciplinary education supervisor, and if the district provides
16 appropriate instruction as described in this subdivision to the
17 pupil at the pupil's home, the district may count the pupil in
18 membership on a pro rata basis, with the proration based on the
19 number of hours of instruction the district actually provides to
20 the pupil divided by the number of hours specified in subdivision

21 (q) for full-time equivalency. For the purposes of this
22 subdivision, a district shall be considered to be providing
23 appropriate instruction if all of the following are met:

24 (i) The district provides at least 2 nonconsecutive hours of
25 instruction per week to the pupil at the pupil's home under the
26 supervision of a certificated teacher.

27 (ii) The district provides instructional materials, resources,

1 and supplies, except computers, that are comparable to those
2 otherwise provided in the district's alternative education program.

3 (iii) Course content is comparable to that in the district's
4 alternative education program.

5 (iv) Credit earned is awarded to the pupil and placed on the
6 pupil's transcript.

7 (v) A pupil enrolled in an alternative or disciplinary
8 education program described in section 25 shall be counted in
9 membership in the district or public school academy that expelled
10 the pupil.

11 (w) If a pupil was enrolled in a public school academy on the
12 pupil membership count day, if the public school academy's contract
13 with its authorizing body is revoked or the public school academy
14 otherwise ceases to operate, and if the pupil enrolls in a district
15 within 45 days after the pupil membership count day, the department
16 shall adjust the district's pupil count for the pupil membership
17 count day to include the pupil in the count.

18 (x) For a public school academy that has been in operation for
19 at least 2 years and that suspended operations for at least 1
20 semester and is resuming operations, membership is the sum of the
21 product of .75 times the number of full-time equated pupils in
22 grades K to 12 actually enrolled and in regular daily attendance on
23 the first pupil membership count day or supplemental count day,
24 whichever is first, occurring after operations resume, plus the
25 product of .25 times the final audited count from the most recent
26 pupil membership count day or supplemental count day that occurred
27 before suspending operations, as determined by the superintendent.

1 (y) If a district's membership for a particular fiscal year,
2 as otherwise calculated under this subsection, would be less than
3 1,550 pupils and the district has 4.5 or fewer pupils per square
4 mile, as determined by the department, and if the district does not
5 receive funding under section 22d, the district's membership shall
6 be considered to be the membership figure calculated under this
7 subdivision. If a district educates and counts in its membership
8 pupils in grades 9 to 12 who reside in a contiguous district that
9 does not operate grades 9 to 12 and if 1 or both of the affected
10 districts request the department to use the determination allowed
11 under this sentence, the department shall include the square
12 mileage of both districts in determining the number of pupils per
13 square mile for each of the districts for the purposes of this
14 subdivision. The membership figure calculated under this
15 subdivision is the greater of the following:

16 (i) The average of the district's membership for the 3-fiscal-
17 year period ending with that fiscal year, calculated by adding the
18 district's actual membership for each of those 3 fiscal years, as
19 otherwise calculated under this subsection, and dividing the sum of
20 those 3 membership figures by 3.

21 (ii) The district's actual membership for that fiscal year as
22 otherwise calculated under this subsection.

23 (z) If a public school academy that is not in its first or
24 second year of operation closes at the end of a school year and
25 does not reopen for the next school year, the department shall
26 adjust the membership count of the district in which a former pupil
27 of the public school academy enrolls and is in regular daily

1 attendance for the next school year to ensure that the district
2 receives the same amount of membership aid for the pupil as if the
3 pupil were counted in the district on the supplemental count day of
4 the preceding school year.

5 (AA) FULL-TIME EQUATED MEMBERSHIPS FOR PREPRIMARY-AGED SPECIAL
6 EDUCATION PUPILS WHO ARE NOT ENROLLED IN KINDERGARTEN BUT ARE
7 ENROLLED IN A CLASSROOM PROGRAM UNDER R 340.1754 OF THE MICHIGAN
8 ADMINISTRATIVE CODE SHALL BE DETERMINED BY DIVIDING THE NUMBER OF
9 CLASS HOURS SCHEDULED AND PROVIDED PER YEAR BY 450. FULL-TIME
10 EQUATED MEMBERSHIPS FOR PREPRIMARY-AGED SPECIAL EDUCATION PUPILS
11 WHO ARE NOT ENROLLED IN KINDERGARTEN BUT ARE RECEIVING NONCLASSROOM
12 SERVICES UNDER R 340.1755 OF THE MICHIGAN ADMINISTRATIVE CODE SHALL
13 BE DETERMINED BY DIVIDING THE NUMBER OF HOURS OF SERVICE SCHEDULED
14 AND PROVIDED PER YEAR PER PUPIL BY 180.

15 (BB) FULL-TIME EQUATED MEMBERSHIPS FOR PUPILS ENROLLED IN A
16 PUBLIC SCHOOL ACADEMY THAT IS WHOLLY CONTAINED WITHIN A COUNTY
17 JUVENILE DETENTION FACILITY SHALL BE CONSIDERED TO BE THE AVERAGE
18 DAILY ATTENDANCE OF PUPILS ENROLLED IN THE PUBLIC SCHOOL ACADEMY
19 FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, AS REPORTED BY THE
20 PUBLIC SCHOOL ACADEMY AND AUDITED BY THE INTERMEDIATE DISTRICT IN
21 WHICH THE PUBLIC SCHOOL ACADEMY IS LOCATED.

22 (5) "Public school academy" means a public school academy,
23 urban high school academy, or strict discipline academy operating
24 under the revised school code.

25 (6) "Pupil" means a person in membership in a public school. A
26 district must have the approval of the pupil's district of
27 residence to count the pupil in membership, except approval by the

1 pupil's district of residence is not required for any of the
2 following:

3 (a) A nonpublic part-time pupil enrolled in grades 1 to 12 in
4 accordance with section 166b.

5 (b) A pupil receiving 1/2 or less of his or her instruction in
6 a district other than the pupil's district of residence.

7 (c) A pupil enrolled in a public school academy or university
8 school.

9 (d) A pupil enrolled in a district other than the pupil's
10 district of residence under an intermediate district schools of
11 choice pilot program as described in section 91a or former section
12 91 if the intermediate district and its constituent districts have
13 been exempted from section 105.

14 (e) A pupil enrolled in a district other than the pupil's
15 district of residence if the pupil is enrolled in accordance with
16 section 105 or 105c.

17 (f) A pupil who has made an official written complaint or
18 whose parent or legal guardian has made an official written
19 complaint to law enforcement officials and to school officials of
20 the pupil's district of residence that the pupil has been the
21 victim of a criminal sexual assault or other serious assault, if
22 the official complaint either indicates that the assault occurred
23 at school or that the assault was committed by 1 or more other
24 pupils enrolled in the school the pupil would otherwise attend in
25 the district of residence or by an employee of the district of
26 residence. A person who intentionally makes a false report of a
27 crime to law enforcement officials for the purposes of this

1 subdivision is subject to section 411a of the Michigan penal code,
2 1931 PA 328, MCL 750.411a, which provides criminal penalties for
3 that conduct. As used in this subdivision:

4 (i) "At school" means in a classroom, elsewhere on school
5 premises, on a school bus or other school-related vehicle, or at a
6 school-sponsored activity or event whether or not it is held on
7 school premises.

8 (ii) "Serious assault" means an act that constitutes a felony
9 violation of chapter XI of the Michigan penal code, 1931 PA 328,
10 MCL 750.81 to 750.90g, or that constitutes an assault and
11 infliction of serious or aggravated injury under section 81a of the
12 Michigan penal code, 1931 PA 328, MCL 750.81a.

13 (g) A pupil whose district of residence changed after the
14 pupil membership count day and before the supplemental count day
15 and who continues to be enrolled on the supplemental count day as a
16 nonresident in the district in which he or she was enrolled as a
17 resident on the pupil membership count day of the same school year.

18 (h) A pupil enrolled in an alternative education program
19 operated by a district other than his or her district of residence
20 who meets 1 or more of the following:

21 (i) The pupil has been suspended or expelled from his or her
22 district of residence for any reason, including, but not limited
23 to, a suspension or expulsion under section 1310, 1311, or 1311a of
24 the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

25 (ii) The pupil had previously dropped out of school.

26 (iii) The pupil is pregnant or is a parent.

27 (iv) The pupil has been referred to the program by a court.

1 (i) A pupil enrolled in the Michigan virtual high school, for
2 the pupil's enrollment in the Michigan virtual high school.

3 (j) A pupil who is the child of a person who is employed by
4 the district. As used in this subdivision, "child" includes an
5 adopted child or legal ward.

6 However, if a district that is not a first class district
7 educates pupils who reside in a first class district and if the
8 primary instructional site for those pupils is located within the
9 boundaries of the first class district, the educating district must
10 have the approval of the first class district to count those pupils
11 in membership. As used in this subsection, "first class district"
12 means a district organized as a school district of the first class
13 under the revised school code.

14 (7) "Pupil membership count day" of a district or intermediate
15 district means:

16 (a) Except as provided in subdivision (b), the fourth
17 Wednesday in September each school year.

18 (b) For a district or intermediate district maintaining school
19 during the entire school year, the following days:

20 (i) Fourth Wednesday in July.

21 (ii) Fourth Wednesday in September.

22 (iii) Second Wednesday in February.

23 (iv) Fourth Wednesday in April.

24 (8) "Pupils in grades K to 12 actually enrolled and in regular
25 daily attendance" means pupils in grades K to 12 in attendance and
26 receiving instruction in all classes for which they are enrolled on
27 the pupil membership count day or the supplemental count day, as

1 applicable. ~~—A—~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A**
2 pupil who is absent from any of the classes in which the pupil is
3 enrolled on the pupil membership count day or supplemental count
4 day and who does not attend each of those classes during the 10
5 consecutive school days immediately following the pupil membership
6 count day or supplemental count day, except for a pupil who has
7 been excused by the district, shall not be counted as 1.0 full-time
8 equated membership. ~~—In addition, a—~~ **A** pupil who is excused from
9 attendance on the pupil membership count day or supplemental count
10 day and who fails to attend each of the classes in which the pupil
11 is enrolled within 30 calendar days after the pupil membership
12 count day or supplemental count day shall not be counted as 1.0
13 full-time equated membership. **IN ADDITION, A PUPIL WHO WAS ENROLLED**
14 **AND IN ATTENDANCE IN A DISTRICT, INTERMEDIATE DISTRICT, OR PUBLIC**
15 **SCHOOL ACADEMY BEFORE THE PUPIL MEMBERSHIP COUNT DAY OR**
16 **SUPPLEMENTAL COUNT DAY OF A PARTICULAR YEAR BUT WAS EXPELLED ON THE**
17 **PUPIL MEMBERSHIP COUNT DAY OR SUPPLEMENTAL COUNT DAY MAY ONLY BE**
18 **COUNTED AS 1.0 FULL-TIME EQUATED MEMBERSHIP IF THE PUPIL RESUMED**
19 **ATTENDANCE IN THE DISTRICT, INTERMEDIATE DISTRICT, OR PUBLIC SCHOOL**
20 **ACADEMY WITHIN 45 DAYS AFTER THE PUPIL MEMBERSHIP COUNT DAY OR**
21 **SUPPLEMENTAL COUNT DAY.** Pupils not counted as 1.0 full-time equated
22 membership due to an absence from a class shall be counted as a
23 prorated membership for the classes the pupil attended. For
24 purposes of this subsection, "class" means a period of time in 1
25 day when pupils and a certificated teacher or legally qualified
26 substitute teacher are together and instruction is taking place.

27 (9) "Rule" means a rule promulgated pursuant to the

1 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
2 24.328.

3 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
4 380.1852.

5 (11) "School fiscal year" means a fiscal year that commences
6 July 1 and continues through June 30.

7 (12) "State board" means the state board of education.

8 (13) "Superintendent", unless the context clearly refers to a
9 district or intermediate district superintendent, means the
10 superintendent of public instruction described in section 3 of
11 article VIII of the state constitution of 1963.

12 (14) "Supplemental count day" means the day on which the
13 supplemental pupil count is conducted under section 6a.

14 (15) "Tuition pupil" means a pupil of school age attending
15 school in a district other than the pupil's district of residence
16 for whom tuition may be charged. Tuition pupil does not include a
17 pupil who is a special education pupil or a pupil described in
18 subsection (6)(d) to (j). A pupil's district of residence shall not
19 require a high school tuition pupil, as provided under section 111,
20 to attend another school district after the pupil has been assigned
21 to a school district.

22 (16) "State school aid fund" means the state school aid fund
23 established in section 11 of article IX of the state constitution
24 of 1963.

25 (17) "Taxable value" means the taxable value of property as
26 determined under section 27a of the general property tax act, 1893
27 PA 206, MCL 211.27a.

(18) "Textbook" means a book that is selected and approved by the governing board of a district and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the basis of classroom instruction.

(19) "Total state aid" or "total state school aid" means the total combined amount of all funds due to a district, intermediate district, or other entity under all of the provisions of this act.

(20) "University school" means an instructional program operated by a public university under section 23 that meets the requirements of section 23.

Sec. 11. (1) ~~In addition to all other appropriations under this act for that fiscal year, for the fiscal year ending September 30, 2004, there is appropriated to the state school aid fund from the unreserved balance in the general fund an amount equal to any deficit balance that would otherwise exist in the state school aid fund at bookclosing for the fiscal year ending September 30, 2004.~~

For the fiscal year ending September 30, 2005, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~-\$10,909,200,000.00~~ **\$10,907,222,200.00** from the state school aid fund established by section 11 of article IX of the state constitution of 1963, **THE SUM OF \$41,100,000.00 FROM THE PROCEEDS OF CAPITALIZATION OF THE SCHOOL BOND LOAN FUND REVOLVING FUND**, and the sum of ~~-\$264,700,000.00~~ **\$165,200,000.00** from the general fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2006, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF**

Senate Bill No. 279 as amended June 16, 2005

1 THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION
2 THE SUM OF <<\$11,232,095,150.00>> FROM THE STATE SCHOOL AID FUND
3 ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION
4 OF 1963, THE SUM OF \$44,500,000.00 FROM THE PROCEEDS OF
5 CAPITALIZATION OF THE SCHOOL BOND LOAN FUND REVOLVING FUND, AND THE
6 SUM OF <<\$70,396,200.00>> FROM THE GENERAL FUND. In addition, available
7 federal funds are appropriated for each of those fiscal years.

8 (2) The appropriations under this section shall be allocated
9 as provided in this act. Money appropriated under this section from
10 the general fund shall be expended to fund the purposes of this act
11 before the expenditure of money appropriated under this section
12 from the state school aid fund. If the maximum amount appropriated
13 under this section from the state school aid fund for a fiscal year
14 exceeds the amount necessary to fully fund allocations under this
15 act from the state school aid fund, that excess amount shall not be
16 expended in that state fiscal year and shall not lapse to the
17 general fund, but instead shall be deposited into the school aid
18 stabilization fund created in section 11a.

19 (3) If the maximum amount appropriated under this section from
20 the state school aid fund and the school aid stabilization fund for
21 a fiscal year exceeds the amount available for expenditure from the
22 state school aid fund for that fiscal year, payments under sections
23 11f, 11g, 11j, 22a, 26a, **26B**, 31d, 51a(2), 51a(12), 51c, 53a, and
24 56 shall be made in full. In addition, for districts beginning
25 operations after 1994-95 that qualify for payments under section
26 22b, payments under section 22b shall be made so that the
27 qualifying districts receive the lesser of an amount equal to the

1 1994-95 foundation allowance of the district in which the district
2 beginning operations after 1994-95 is located or \$5,500.00. The
3 amount of the payment to be made under section 22b for these
4 qualifying districts shall be as calculated under section 22a, with
5 the balance of the payment under section 22b being subject to the
6 proration otherwise provided under this subsection and subsection
7 (4). Subject to subsection (5), if proration is necessary after
8 2002-2003, state payments under each of the other sections of this
9 act from all state funding sources shall be prorated in the manner
10 prescribed in subsection (4) as necessary to reflect the amount
11 available for expenditure from the state school aid fund for the
12 affected fiscal year. However, if the department of treasury
13 determines that proration will be required under this subsection,
14 or if the department of treasury determines that further proration
15 is required under this subsection after an initial proration has
16 already been made for a fiscal year, the department of treasury
17 shall notify the state budget director, and the state budget
18 director shall notify the legislature at least 30 calendar days or
19 6 legislative session days, whichever is more, before the
20 department reduces any payments under this act because of the
21 proration. During the 30 calendar day or 6 legislative session day
22 period after that notification by the state budget director, the
23 department shall not reduce any payments under this act because of
24 proration under this subsection. The legislature may prevent
25 proration from occurring by, within the 30 calendar day or 6
26 legislative session day period after that notification by the state
27 budget director, enacting legislation appropriating additional

1 funds from the general fund, countercyclical budget and economic
2 stabilization fund, state school aid fund balance, or another
3 source to fund the amount of the projected shortfall.

4 (4) Subject to subsection (5), if proration is necessary, the
5 department shall calculate the proration in district and
6 intermediate district payments that is required under subsection
7 (3) as follows:

8 (a) The department shall calculate the percentage of total
9 state school aid allocated under this act for the affected fiscal
10 year for each of the following:

11 (i) Districts.

12 (ii) Intermediate districts.

13 (iii) Entities other than districts or intermediate districts.

14 (b) The department shall recover a percentage of the proration
15 amount required under subsection (3) that is equal to the
16 percentage calculated under subdivision (a)(i) for districts by
17 reducing payments to districts. This reduction shall be made by
18 calculating an equal dollar amount per pupil as necessary to
19 recover this percentage of the proration amount and reducing each
20 district's total state school aid from state sources, other than
21 payments under sections 11f, 11g, 11j, 22a, 26a, **26B**, 31d, 51a(2),
22 51a(12), 51c, and 53a, by that amount.

23 (c) The department shall recover a percentage of the proration
24 amount required under subsection (3) that is equal to the
25 percentage calculated under subdivision (a)(ii) for intermediate
26 districts by reducing payments to intermediate districts. This
27 reduction shall be made by reducing the payments to each

1 intermediate district, other than payments under sections 11f, 11g,
 2 26a, **26B**, 51a(2), 51a(12), 53a, and 56, on an equal percentage
 3 basis.

4 (d) The department shall recover a percentage of the proration
 5 amount required under subsection (3) that is equal to the
 6 percentage calculated under subdivision (a)(iii) for entities other
 7 than districts and intermediate districts by reducing payments to
 8 these entities. This reduction shall be made by reducing the
 9 payments to each of these entities, other than payments under
 10 sections 11j, ~~and~~ 26a, **AND 26B**, on an equal percentage basis.

11 (5) Beginning in 2004-2005, if a district has an emergency
 12 financial manager in place under the local government fiscal
 13 responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, payments
 14 to that district are not subject to proration under this section.

15 (6) Except for the allocation under section 26a, any general
 16 fund allocations under this act that are not expended by the end of
 17 the state fiscal year are transferred to the ~~state~~ school aid
 18 **STABILIZATION** fund **CREATED UNDER SECTION 11A.** ~~If it is determined~~
 19 ~~at the May 2005 revenue estimating conference conducted under~~
 20 ~~section 367b of the management and budget act, 1984 PA 431, MCL~~
 21 ~~18.1367b, that there is additional school aid fund revenue beyond~~
 22 ~~that determined at the May 2004 revenue estimating conference, then~~
 23 ~~it is the intent of the legislature to enact legislation to fund,~~
 24 ~~to the extent that revenues are available, the same programs in the~~
 25 ~~same amount that were funded under section 81 in 2003 PA 236 and~~
 26 ~~the same pupil membership formula as in effect under 2003 PA 236.~~

27 Sec. 11a. (1) The school aid stabilization fund is created as

1 a separate account within the state school aid fund established by
2 section 11 of article IX of the state constitution of 1963.

3 (2) The state treasurer may receive money or other assets from
4 any source for deposit into the school aid stabilization fund. The
5 state treasurer shall deposit into the school aid stabilization
6 fund all of the following:

7 (a) Unexpended and unencumbered state school aid fund revenue
8 for a fiscal year that remains in the state school aid fund as of
9 the bookclosing for that fiscal year.

10 (b) Money statutorily dedicated to the school aid
11 stabilization fund.

12 (c) Money appropriated to the school aid stabilization fund.

13 (3) Money available in the school aid stabilization fund may
14 not be expended without a specific appropriation from the school
15 aid stabilization fund. Money in the school aid stabilization fund
16 shall be expended only for purposes for which state school aid fund
17 money may be expended.

18 (4) The state treasurer shall direct the investment of the
19 school aid stabilization fund. The state treasurer shall credit to
20 the school aid stabilization fund interest and earnings from fund
21 investments.

22 (5) Money in the school aid stabilization fund at the close of
23 a fiscal year shall remain in the school aid stabilization fund and
24 shall not lapse to the unreserved school aid fund balance or the
25 general fund.

26 (6) If the maximum amount appropriated under section 11 from
27 the state school aid fund for a fiscal year exceeds the amount

1 available for expenditure from the state school aid fund for that
2 fiscal year, there is appropriated from the school aid
3 stabilization fund to the state school aid fund an amount equal to
4 the projected shortfall as determined by the department of
5 treasury, but not to exceed available money in the school aid
6 stabilization fund. If the money in the school aid stabilization
7 fund is insufficient to fully fund an amount equal to the projected
8 shortfall, the state budget director shall notify the legislature
9 as required under section 11(3) and state payments in an amount
10 equal to the remainder of the projected shortfall shall be prorated
11 in the manner provided under section 11(4).

12 **(7) FOR 2004-2005 AND 2005-2006, THERE IS TRANSFERRED FROM THE**
13 **SCHOOL AID STABILIZATION FUND TO THE STATE SCHOOL AID FUND THE**
14 **AMOUNT NECESSARY TO FULLY FUND THE ALLOCATIONS UNDER THIS ACT.**

15 Sec. 11f. (1) From the appropriations under section 11, there
16 is allocated for the purposes of this section an amount not to
17 exceed \$32,000,000.00 for the fiscal year ending September 30,
18 ~~2005~~ **2006** and for each succeeding fiscal year through the fiscal
19 year ending September 30, 2008. Payments under this section will
20 cease after September 30, 2008. These allocations are for paying
21 the amounts described in subsection (4) to districts and
22 intermediate districts, other than those receiving a lump sum
23 payment under subsection (2), that were not plaintiffs in the
24 consolidated cases known as Durant v State of Michigan, Michigan
25 supreme court docket no. 104458-104492 and that, on or before March
26 2, 1998, submitted to the state treasurer a board resolution
27 waiving any right or interest the district or intermediate district

1 has or may have in any claim or litigation based on or arising out
2 of any claim or potential claim through September 30, 1997 that is
3 or was similar to the claims asserted by the plaintiffs in the
4 consolidated cases known as Durant v State of Michigan. The waiver
5 resolution shall be in form and substance as required under
6 subsection (7). The state treasurer is authorized to accept such a
7 waiver resolution on behalf of this state. The amounts described in
8 this subsection represent offers of settlement and compromise of
9 any claim or claims that were or could have been asserted by these
10 districts and intermediate districts, as described in this
11 subsection.

12 (2) In addition to any other money appropriated under this
13 act, there was appropriated from the state school aid fund an
14 amount not to exceed \$1,700,000.00 for the fiscal year ending
15 September 30, 1999. This appropriation was for paying the amounts
16 described in this subsection to districts and intermediate
17 districts that were not plaintiffs in the consolidated cases known
18 as Durant v State of Michigan; that, on or before March 2, 1998,
19 submitted to the state treasurer a board resolution waiving any
20 right or interest the district or intermediate district had or may
21 have had in any claim or litigation based on or arising out of any
22 claim or potential claim through September 30, 1997 that is or was
23 similar to the claims asserted by the plaintiffs in the
24 consolidated cases known as Durant v State of Michigan; and for
25 which the total amount listed in section 11h and paid under this
26 section was less than \$75,000.00. For a district or intermediate
27 district qualifying for a payment under this subsection, the entire

1 amount listed for the district or intermediate district in section
2 11h was paid in a lump sum on November 15, 1998 or on the next
3 business day following that date. The amounts paid under this
4 subsection represent offers of settlement and compromise of any
5 claim or claims that were or could have been asserted by these
6 districts and intermediate districts, as described in this
7 subsection.

8 (3) This section does not create any obligation or liability
9 of this state to any district or intermediate district that does
10 not submit a waiver resolution described in this section. This
11 section, any other provision of this act, and section 353e of the
12 management and budget act, 1984 PA 431, MCL 18.1353e, are not
13 intended to admit liability or waive any defense that is or would
14 be available to this state or its agencies, employees, or agents in
15 any litigation or future litigation with a district or intermediate
16 district.

17 (4) The amount paid each fiscal year to each district or
18 intermediate district under subsection (1) shall be 1/20 of the
19 total amount listed in section 11h for each listed district or
20 intermediate district that qualifies for a payment under subsection
21 (1). The amounts listed in section 11h and paid in part under this
22 subsection and in a lump sum under subsection (2) are offers of
23 settlement and compromise to each of these districts or
24 intermediate districts to resolve, in their entirety, any claim or
25 claims that these districts or intermediate districts may have
26 asserted for violations of section 29 of article IX of the state
27 constitution of 1963 through September 30, 1997, which claims are

1 or were similar to the claims asserted by the plaintiffs in the
2 consolidated cases known as Durant v State of Michigan. This
3 section, any other provision of this act, and section 353e of the
4 management and budget act, 1984 PA 431, MCL 18.1353e, shall not be
5 construed to constitute an admission of liability to the districts
6 or intermediate districts listed in section 11h or a waiver of any
7 defense that is or would have been available to the state or its
8 agencies, employees, or agents in any litigation or future
9 litigation with a district or intermediate district.

10 (5) The entire amount of each payment under subsection (1)
11 each fiscal year shall be paid on November 15 of the applicable
12 fiscal year or on the next business day following that date.

13 (6) Funds paid to a district or intermediate district under
14 this section shall be used only for textbooks, electronic
15 instructional material, software, technology, infrastructure or
16 infrastructure improvements, school buses, school security,
17 training for technology, or to pay debt service on voter-approved
18 bonds issued by the district or intermediate district before the
19 effective date of this section. For intermediate districts only,
20 funds paid under this section may also be used for other
21 nonrecurring instructional expenditures including, but not limited
22 to, nonrecurring instructional expenditures for vocational
23 education, or for debt service for acquisition of technology for
24 academic support services. Funds received by an intermediate
25 district under this section may be used for projects conducted for
26 the benefit of its constituent districts at the discretion of the
27 intermediate board. To the extent payments under this section are

1 used by a district or intermediate district to pay debt service on
2 debt payable from millage revenues, and to the extent permitted by
3 law, the district or intermediate district may make a corresponding
4 reduction in the number of mills levied for that debt service.

5 (7) The resolution to be adopted and submitted by a district
6 or intermediate district under this section and section 11g shall
7 read as follows:

8 "Whereas, the board of _____ (name of district
9 or intermediate district) desires to settle and compromise, in
10 their entirety, any claim or claims that the district (or
11 intermediate district) has or had for violations of section 29 of
12 article IX of the state constitution of 1963, which claim or claims
13 are or were similar to the claims asserted by the plaintiffs in the
14 consolidated cases known as Durant v State of Michigan, Michigan
15 supreme court docket no. 104458-104492.

16 Whereas, the district (or intermediate district) agrees to
17 settle and compromise these claims for the consideration described
18 in sections 11f and 11g of the state school aid act of 1979, 1979
19 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for
20 the district (or intermediate district) in section 11h of the state
21 school aid act of 1979, 1979 PA 94, MCL 388.1611h.

22 Whereas, the board of _____ (name of district or
23 intermediate district) is authorized to adopt this resolution.

24 Now, therefore, be it resolved as follows:

25 1. The board of _____ (name of district or
26 intermediate district) waives any right or interest it may have in
27 any claim or potential claim through September 30, 1997 relating to

1 the amount of funding the district or intermediate district is, or
2 may have been, entitled to receive under the state school aid act
3 of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, or any other source
4 of state funding, by reason of the application of section 29 of
5 article IX of the state constitution of 1963, which claims or
6 potential claims are or were similar to the claims asserted by the
7 plaintiffs in the consolidated cases known as Durant v State of
8 Michigan, Michigan supreme court docket no. 104458-104492.

9 2. The board of _____ (name of district or
10 intermediate district) directs its secretary to submit a certified
11 copy of this resolution to the state treasurer no later than 5 p.m.
12 eastern standard time on March 2, 1998, and agrees that it will not
13 take any action to amend or rescind this resolution.

14 3. The board of _____ (name of district or
15 intermediate district) expressly agrees and understands that, if it
16 takes any action to amend or rescind this resolution, the state,
17 its agencies, employees, and agents shall have available to them
18 any privilege, immunity, and/or defense that would otherwise have
19 been available had the claims or potential claims been actually
20 litigated in any forum.

21 4. This resolution is contingent on continued payments by the
22 state each fiscal year as determined under sections 11f and 11g of
23 the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and
24 388.1611g. However, this resolution shall be an irrevocable waiver
25 of any claim to amounts actually received by the school district or
26 intermediate school district under sections 11f and 11g of the
27 state school aid act of 1979."

1 Sec. 11g. (1) From the ~~general fund appropriation~~

2 **APPROPRIATIONS** in section 11, there is allocated **FOR THIS SECTION**

3 an amount not to exceed ~~\$141,000.00~~ **\$34,960,000.00** for the fiscal

4 year ending September 30, ~~2005~~ **2006**. There is allocated **FOR THIS**

5 **SECTION** an amount not to exceed \$35,000,000.00 for each succeeding

6 fiscal year through the fiscal year ending September 30, 2013.

7 Payments under this section will cease after September 30, 2013.

8 These allocations are for paying the amounts described in

9 subsection (3) to districts and intermediate districts, other than

10 those receiving a lump sum payment under section 11f(2), that were

11 not plaintiffs in the consolidated cases known as Durant v State of

12 Michigan, Michigan supreme court docket no. 104458-104492 and that,

13 on or before March 2, 1998, submitted to the state treasurer a

14 waiver resolution described in section 11f. The amounts paid under

15 this section represent offers of settlement and compromise of any

16 claim or claims that were or could have been asserted by these

17 districts and intermediate districts, as described in this section.

18 (2) This section does not create any obligation or liability

19 of this state to any district or intermediate district that does

20 not submit a waiver resolution described in section 11f. This

21 section, any other provision of this act, and section 353e of the

22 management and budget act, 1984 PA 431, MCL 18.1353e, are not

23 intended to admit liability or waive any defense that is or would

24 be available to this state or its agencies, employees, or agents in

25 any litigation or future litigation with a district or intermediate

26 district regarding these claims or potential claims.

27 (3) The amount paid each fiscal year to each district or

1 intermediate district under this section shall be the sum of the
2 following:

3 (a) $1/30$ of the total amount listed in section 11h for the
4 district or intermediate district.

5 (b) If the district or intermediate district borrows money and
6 issues bonds under section 11i, an additional amount in each fiscal
7 year calculated by the department of treasury that, when added to
8 the amount described in subdivision (a), will cause the net present
9 value as of November 15, 1998 of the total of the 15 annual
10 payments made to the district or intermediate district under this
11 section, discounted at a rate as determined by the state treasurer,
12 to equal the amount of the bonds issued by that district or
13 intermediate district under section 11i and that will result in the
14 total payments made to all districts and intermediate districts in
15 each fiscal year under this section being no more than the amount
16 appropriated under this section in each fiscal year.

17 (4) The entire amount of each payment under this section each
18 fiscal year shall be paid on May 15 of the applicable fiscal year
19 or on the next business day following that date. If a district or
20 intermediate district borrows money and issues bonds under section
21 11i, the district or intermediate district shall use funds received
22 under this section to pay debt service on bonds issued under
23 section 11i. If a district or intermediate district does not borrow
24 money and issue bonds under section 11i, the district or
25 intermediate district shall use funds received under this section
26 only for the following purposes, in the following order of
27 priority:

1 (a) First, to pay debt service on voter-approved bonds issued
2 by the district or intermediate district before the effective date
3 of this section.

4 (b) Second, to pay debt service on other limited tax
5 obligations.

6 (c) Third, for deposit into a sinking fund established by the
7 district or intermediate district under the revised school code.

8 (5) To the extent payments under this section are used by a
9 district or intermediate district to pay debt service on debt
10 payable from millage revenues, and to the extent permitted by law,
11 the district or intermediate district may make a corresponding
12 reduction in the number of mills levied for debt service.

13 (6) A district or intermediate district may pledge or assign
14 payments under this section as security for bonds issued under
15 section 11i, but shall not otherwise pledge or assign payments
16 under this section.

17 Sec. 11j. From the appropriation in section 11 **FROM THE**
18 **PROCEEDS OF CAPITALIZATION OF THE SCHOOL BOND LOAN FUND REVOLVING**
19 **FUND**, there is allocated an amount not to exceed \$41,100,000.00 for
20 2004-2005, **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
21 **\$44,500,000.00 FOR 2005-2006**, for payments to the school loan bond
22 redemption fund in the department of treasury on behalf of
23 districts and intermediate districts. Notwithstanding section 11 or
24 any other provision of this act, funds allocated under this section
25 are not subject to proration and shall be paid in full.

26 Sec. 18. (1) Except as provided in another section of this
27 act, each district or other entity shall apply the money received

1 by the district or entity under this act to salaries and other
2 compensation of teachers and other employees, tuition,
3 transportation, lighting, heating, ventilation, water service, the
4 purchase of textbooks which are designated by the board to be used
5 in the schools under the board's charge, other supplies, and any
6 other school operating expenditures defined in section 7. However,
7 not more than 20% of the total amount received by a district under
8 article 2 or intermediate district under article 8 may be
9 transferred by the board to either the capital projects fund or to
10 the debt retirement fund for debt service. The money shall not be
11 applied or taken for a purpose other than as provided in this
12 section. The department shall determine the reasonableness of
13 expenditures and may withhold from a recipient of funds under this
14 act the apportionment otherwise due for the fiscal year following
15 the discovery by the department of a violation by the recipient.

16 (2) For the purpose of determining the reasonableness of
17 expenditures and whether a violation of this act has occurred, the
18 department shall require that each district and intermediate
19 district have an audit of the district's or intermediate district's
20 financial and pupil accounting records conducted at least annually
21 at the expense of the district or intermediate district, as
22 applicable, by a certified public accountant or by the intermediate
23 district superintendent, as may be required by the department, or
24 in the case of a district of the first class by a certified public
25 accountant, the intermediate superintendent, or the auditor general
26 of the city. An intermediate district's annual financial audit
27 shall be accompanied by the intermediate district's pupil

1 accounting procedures report. A district's or intermediate
2 district's annual financial audit shall include an analysis of the
3 financial and pupil accounting data used as the basis for
4 distribution of state school aid. The pupil accounting records and
5 reports, audits, and management letters are subject to requirements
6 established in the auditing and accounting manuals approved and
7 published by the department. Except as otherwise provided in this
8 subsection, a district shall file the annual financial audit
9 reports with the intermediate district not later than 120 days
10 after the end of each school fiscal year and the intermediate
11 district shall forward the annual financial audit reports for its
12 constituent districts and for the intermediate district, and the
13 pupil accounting procedures report for the pupil membership count
14 day and supplemental count day, to the department not later than
15 November 15 of each year. The annual financial audit reports and
16 pupil accounting procedures reports shall be available to the
17 public in compliance with the freedom of information act, 1976 PA
18 442, MCL 15.231 to 15.246. Not later than December 1 of each year,
19 the department shall notify the state budget director and the
20 legislative appropriations subcommittees responsible for review of
21 the school aid budget of districts and intermediate districts that
22 have not filed an annual financial audit and pupil accounting
23 procedures report required under this section for the school year
24 ending in the immediately preceding fiscal year.

25 (3) By November 15 of each year, each district and
26 intermediate district shall submit to the center, in a manner
27 prescribed by the center, annual comprehensive financial data

1 consistent with accounting manuals and charts of accounts approved
2 and published by the department. ~~For~~ **EFFECTIVE WITH THE REPORT**
3 **DUE ON NOVEMBER 15, 2006, FOR** an intermediate district, the report
4 shall also contain the website address where the department can
5 access the report required under section 620 of the revised school
6 code, MCL 380.620.

7 (4) By September 30 of each year, each district and
8 intermediate district shall file with the department the special
9 education actual cost report, known as "SE-4096", on a form and in
10 the manner prescribed by the department.

11 (5) By October 7 of each year, each district and intermediate
12 district shall file with the department the transportation
13 expenditure report, known as "SE-4094", on a form and in the manner
14 prescribed by the department.

15 (6) Not later than July 1, 1999, the department shall approve
16 and publish pupil accounting and pupil auditing manuals. The
17 department shall review those manuals at least annually and shall
18 periodically update those manuals to reflect changes in this act.
19 The pupil accounting manuals in effect for the 1996-97 school year,
20 including subsequent revisions issued by the superintendent, shall
21 be the interim manuals in effect until new manuals are approved and
22 published. However, the clarification of class-by-class accounting
23 provided in the department's April 15, 1998 memorandum on pupil
24 accounting procedures shall be excluded from the interim manuals.

25 (7) If a district that is a public school academy purchases
26 property using money received under this act, the public school
27 academy shall retain ownership of the property unless the public

1 school academy sells the property at fair market value.

2 (8) If a district or intermediate district does not comply
3 with subsection (2), (3), (4), or (5), the department shall
4 withhold all state school aid due to the district or intermediate
5 district under this act, beginning with the next payment due to the
6 district or intermediate district, until the district or
7 intermediate district complies with subsections (2), (3), (4), and
8 (5). If the district or intermediate district does not comply with
9 subsections (2), (3), (4), and (5) by the end of the fiscal year,
10 the district or intermediate district forfeits the amount withheld.

11 Sec. 19. (1) A district shall comply with any requirements of
12 sections 1204a, 1277, 1278, and 1280 of the revised school code,
13 MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred
14 to as "public act 25 of 1990" that are not also required by the no
15 child left behind act of 2001, Public Law 107-110, as determined by
16 the department.

17 (2) Each district and intermediate district shall provide to
18 the department, in a form and manner prescribed by the department,
19 information necessary for the development of an annual progress
20 report on the required implementation of sections 1204a, 1277,
21 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277,
22 380.1278, and 380.1280, commonly referred to as "public act 25 of
23 1990".

24 (3) A district or intermediate district shall comply with all
25 applicable reporting requirements specified in state and federal
26 law. Data provided to the center, in a form and manner prescribed
27 by the center, shall be aggregated and disaggregated as required by

1 state and federal law.

2 (4) Each district shall furnish to the center not later than 7
3 weeks after the pupil membership count day, in a manner prescribed
4 by the center, the information necessary for the preparation of the
5 district and high school graduation report. The center shall
6 calculate an annual graduation and pupil dropout rate for each high
7 school, each district, and this state, in compliance with
8 nationally recognized standards for these calculations. The center
9 shall report all graduation and dropout rates to the senate and
10 house education committees and appropriations committees, the state
11 budget director, and the department not later than ~~June 1 of each~~
12 ~~year~~ **30 DAYS AFTER THE PUBLICATION OF THE LIST DESCRIBED IN**
13 **SUBSECTION (8).**

14 (5) ~~A~~ **BY THE FIRST BUSINESS DAY IN DECEMBER AND BY JUNE 30**
15 **OF EACH YEAR, A** district shall furnish to the center, in a manner
16 prescribed by the center, information related to educational
17 personnel as necessary for reporting required by state and federal
18 law.

19 (6) ~~A~~ **BY JUNE 30 OF EACH YEAR, A** district shall furnish to
20 the center, in a manner prescribed by the center, information
21 related to safety practices and criminal incidents as necessary for
22 reporting required by state and federal law.

23 (7) If a district or intermediate district fails to meet the
24 requirements of subsection (2), (3), (4), (5), or (6), the
25 department shall withhold 5% of the total funds for which the
26 district or intermediate district qualifies under this act until
27 the district or intermediate district complies with all of those

1 subsections. If the district or intermediate district does not
2 comply with all of those subsections by the end of the fiscal year,
3 the department shall place the amount withheld in an escrow account
4 until the district or intermediate district complies with all of
5 those subsections.

6 (8) Before publishing a list of schools or districts
7 determined to have failed to make adequate yearly progress as
8 required by the federal no child left behind act of 2001, Public
9 Law 107-110, the department shall allow a school or district to
10 appeal that determination. The department shall consider and act
11 upon the appeal within 30 days after it is submitted and shall not
12 publish the list until after all appeals have been considered and
13 decided.

14 Sec. 20. (1) For 2003-2004 and for 2004-2005, the basic
15 foundation allowance is \$6,700.00 per membership pupil. **FOR 2005-**
16 **2006, THE BASIC FOUNDATION ALLOWANCE IS \$6,875.00.**

17 (2) The amount of each district's foundation allowance shall
18 be calculated as provided in this section, using a basic foundation
19 allowance in the amount specified in subsection (1).

20 (3) Except as otherwise provided in this section, the amount
21 of a district's foundation allowance shall be calculated as
22 follows, using in all calculations the total amount of the
23 district's foundation allowance as calculated before any proration:

24 (a) Except as otherwise provided in this subsection, for a
25 district that in the immediately preceding state fiscal year had a
26 foundation allowance in an amount at least equal to the amount of
27 the basic foundation allowance for the immediately preceding state

1 fiscal year, the district shall receive a foundation allowance in
2 an amount equal to the sum of the district's foundation allowance
3 for the immediately preceding state fiscal year plus the dollar
4 amount of the adjustment from the immediately preceding state
5 fiscal year to the current state fiscal year in the basic
6 foundation allowance. However, for 2002-2003, the foundation
7 allowance for a district under this subdivision is an amount equal
8 to the sum of the district's foundation allowance for the
9 immediately preceding state fiscal year plus \$200.00.

10 (b) For a district that in the 1994-95 state fiscal year had a
11 foundation allowance greater than \$6,500.00, the district's
12 foundation allowance is an amount equal to the sum of the
13 district's foundation allowance for the immediately preceding state
14 fiscal year plus the lesser of the increase in the basic foundation
15 allowance for the current state fiscal year, as compared to the
16 immediately preceding state fiscal year, or the product of the
17 district's foundation allowance for the immediately preceding state
18 fiscal year times the percentage increase in the United States
19 consumer price index in the calendar year ending in the immediately
20 preceding fiscal year as reported by the May revenue estimating
21 conference conducted under section 367b of the management and
22 budget act, 1984 PA 431, MCL 18.1367b. For 2002-2003, for a
23 district that in the 1994-95 state fiscal year had a foundation
24 allowance greater than \$6,500.00, the district's foundation
25 allowance is an amount equal to the sum of the district's
26 foundation allowance for the immediately preceding state fiscal
27 year plus the lesser of \$200.00 or the product of the district's

1 foundation allowance for the immediately preceding state fiscal
2 year times the percentage increase in the United States consumer
3 price index in the calendar year ending in the immediately
4 preceding fiscal year as reported by the May revenue estimating
5 conference conducted under section 367b of the management and
6 budget act, 1984 PA 431, MCL 18.1367b.

7 (c) For a district that has a foundation allowance that is not
8 a whole dollar amount, the district's foundation allowance shall be
9 rounded up to the nearest whole dollar.

10 (d) For a district that received a payment under former
11 section 22c for 2001-2002, the district's 2001-2002 foundation
12 allowance shall be considered to have been an amount equal to the
13 sum of the district's actual 2001-2002 foundation allowance as
14 otherwise calculated under this section plus the per pupil amount
15 of the district's equity payment for 2001-2002 under former section
16 22c.

17 (4) Except as otherwise provided in this subsection, the state
18 portion of a district's foundation allowance is an amount equal to
19 the district's foundation allowance or \$6,500.00, whichever is
20 less, minus the difference between the product of the taxable value
21 per membership pupil of all property in the district that is not a
22 principal residence or qualified agricultural property times the
23 lesser of 18 mills or the number of mills of school operating taxes
24 levied by the district in 1993-94 and the quotient of the ad
25 valorem property tax revenue of the district captured under 1975 PA
26 197, MCL 125.1651 to 125.1681, the tax increment finance authority
27 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development

1 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
2 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
3 to 125.2672, divided by the district's membership excluding special
4 education pupils. For a district described in subsection (3)(b),
5 the state portion of the district's foundation allowance is an
6 amount equal to \$6,962.00 plus the difference between the
7 district's foundation allowance for the current state fiscal year
8 and the district's foundation allowance for 1998-99, minus the
9 difference between the product of the taxable value per membership
10 pupil of all property in the district that is not a principal
11 residence or qualified agricultural property times the lesser of 18
12 mills or the number of mills of school operating taxes levied by
13 the district in 1993-94 and the quotient of the ad valorem property
14 tax revenue of the district captured under 1975 PA 197, MCL
15 125.1651 to 125.1681, the tax increment finance authority act, 1980
16 PA 450, MCL 125.1801 to 125.1830, the local development financing
17 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the brownfield
18 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
19 divided by the district's membership excluding special education
20 pupils. For a district that has a millage reduction required under
21 section 31 of article IX of the state constitution of 1963, the
22 state portion of the district's foundation allowance shall be
23 calculated as if that reduction did not occur. The \$6,500.00 amount
24 prescribed in this subsection shall be adjusted each year by an
25 amount equal to the dollar amount of the difference between the
26 basic foundation allowance for the current state fiscal year and
27 \$5,000.00, minus \$200.00.

1 (5) The allocation calculated under this section for a pupil
2 shall be based on the foundation allowance of the pupil's district
3 of residence. However, for a pupil enrolled in a district other
4 than the pupil's district of residence, if the foundation allowance
5 of the pupil's district of residence has been adjusted pursuant to
6 subsection (19), the allocation calculated under this section shall
7 not include the adjustment described in subsection (19). For a
8 pupil enrolled pursuant to section 105 or 105c in a district other
9 than the pupil's district of residence, the allocation calculated
10 under this section shall be based on the lesser of the foundation
11 allowance of the pupil's district of residence or the foundation
12 allowance of the educating district. For a pupil in membership in a
13 K-5, K-6, or K-8 district who is enrolled in another district in a
14 grade not offered by the pupil's district of residence, the
15 allocation calculated under this section shall be based on the
16 foundation allowance of the educating district if the educating
17 district's foundation allowance is greater than the foundation
18 allowance of the pupil's district of residence. The calculation
19 under this subsection shall take into account a district's per
20 pupil allocation under section 20j(2).

21 (6) Subject to subsection (7) and section 22b(3) and except as
22 otherwise provided in this subsection, for pupils in membership,
23 other than special education pupils, in a public school academy or
24 a university school, the allocation calculated under this section
25 is an amount per membership pupil other than special education
26 pupils in the public school academy or university school equal to
27 the sum of the local school operating revenue per membership pupil

1 other than special education pupils for the district in which the
2 public school academy or university school is located and the state
3 portion of that district's foundation allowance, or the sum of the
4 basic foundation allowance under subsection (1) plus \$300.00,
5 whichever is less. Notwithstanding section 101(2), for a public
6 school academy that begins operations after the pupil membership
7 count day, the amount per membership pupil calculated under this
8 subsection shall be adjusted by multiplying that amount per
9 membership pupil by the number of hours of pupil instruction
10 provided by the public school academy after it begins operations,
11 as determined by the department, divided by the minimum number of
12 hours of pupil instruction required under section 101(3). The
13 result of this calculation shall not exceed the amount per
14 membership pupil otherwise calculated under this subsection.

15 (7) If more than 25% of the pupils residing within a district
16 are in membership in 1 or more public school academies located in
17 the district, then the amount per membership pupil calculated under
18 this section for a public school academy located in the district
19 shall be reduced by an amount equal to the difference between the
20 product of the taxable value per membership pupil of all property
21 in the district that is not a principal residence or qualified
22 agricultural property times the lesser of 18 mills or the number of
23 mills of school operating taxes levied by the district in 1993-94
24 and the quotient of the ad valorem property tax revenue of the
25 district captured under 1975 PA 197, MCL 125.1651 to 125.1681, the
26 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
27 125.1830, the local development financing act, 1986 PA 281, MCL

1 125.2151 to 125.2174, or the brownfield redevelopment financing
2 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
3 district's membership excluding special education pupils, in the
4 school fiscal year ending in the current state fiscal year,
5 calculated as if the resident pupils in membership in 1 or more
6 public school academies located in the district were in membership
7 in the district. In order to receive state school aid under this
8 act, a district described in this subsection shall pay to the
9 authorizing body that is the fiscal agent for a public school
10 academy located in the district for forwarding to the public school
11 academy an amount equal to that local school operating revenue per
12 membership pupil for each resident pupil in membership other than
13 special education pupils in the public school academy, as
14 determined by the department.

15 (8) If a district does not receive an amount calculated under
16 subsection (9); if the number of mills the district may levy on a
17 principal residence and qualified agricultural property under
18 section 1211(1) of the revised school code, MCL 380.1211, is 0.5
19 mills or less; and if the district elects not to levy those mills,
20 the district instead shall receive a separate supplemental amount
21 calculated under this subsection in an amount equal to the amount
22 the district would have received had it levied those mills, as
23 determined by the department of treasury. A district shall not
24 receive a separate supplemental amount calculated under this
25 subsection for a fiscal year unless in the calendar year ending in
26 the fiscal year the district levies 18 mills or the number of mills
27 of school operating taxes levied by the district in 1993, whichever

1 is less, on property that is not a principal residence or qualified
2 agricultural property.

3 (9) For a district that had combined state and local revenue
4 per membership pupil in the 1993-94 state fiscal year of more than
5 \$6,500.00 and that had fewer than 350 pupils in membership, if the
6 district elects not to reduce the number of mills from which a
7 principal residence and qualified agricultural property are exempt
8 and not to levy school operating taxes on a principal residence and
9 qualified agricultural property as provided in section 1211(1) of
10 the revised school code, MCL 380.1211, and not to levy school
11 operating taxes on all property as provided in section 1211(2) of
12 the revised school code, MCL 380.1211, there is calculated under
13 this subsection for 1994-95 and each succeeding fiscal year a
14 separate supplemental amount in an amount equal to the amount the
15 district would have received per membership pupil had it levied
16 school operating taxes on a principal residence and qualified
17 agricultural property at the rate authorized for the district under
18 section 1211(1) of the revised school code, MCL 380.1211, and
19 levied school operating taxes on all property at the rate
20 authorized for the district under section 1211(2) of the revised
21 school code, MCL 380.1211, as determined by the department of
22 treasury. If in the calendar year ending in the fiscal year a
23 district does not levy 18 mills or the number of mills of school
24 operating taxes levied by the district in 1993, whichever is less,
25 on property that is not a principal residence or qualified
26 agricultural property, the amount calculated under this subsection
27 will be reduced by the same percentage as the millage actually

1 levied compares to the 18 mills or the number of mills levied in
2 1993, whichever is less.

3 (10) Subject to subsection (4), for a district that is formed
4 or reconfigured after June 1, 2002 by consolidation of 2 or more
5 districts or by annexation, the resulting district's foundation
6 allowance under this section beginning after the effective date of
7 the consolidation or annexation shall be the average of the
8 foundation allowances of each of the original or affected
9 districts, calculated as provided in this section, weighted as to
10 the percentage of pupils in total membership in the resulting
11 district who reside in the geographic area of each of the original
12 or affected districts. The calculation under this subsection shall
13 take into account a district's per pupil allocation under section
14 20j(2).

15 (11) Each fraction used in making calculations under this
16 section shall be rounded to the fourth decimal place and the dollar
17 amount of an increase in the basic foundation allowance shall be
18 rounded to the nearest whole dollar.

19 (12) State payments related to payment of the foundation
20 allowance for a special education pupil are not calculated under
21 this section but are instead calculated under section 51a.

22 (13) To assist the legislature in determining the basic
23 foundation allowance for the subsequent state fiscal year, each
24 revenue estimating conference conducted under section 367b of the
25 management and budget act, 1984 PA 431, MCL 18.1367b, shall
26 calculate a pupil membership factor, a revenue adjustment factor,
27 and an index as follows:

1 (a) The pupil membership factor shall be computed by dividing
2 the estimated membership in the school year ending in the current
3 state fiscal year, excluding intermediate district membership, by
4 the estimated membership for the school year ending in the
5 subsequent state fiscal year, excluding intermediate district
6 membership. If a consensus membership factor is not determined at
7 the revenue estimating conference, the principals of the revenue
8 estimating conference shall report their estimates to the house and
9 senate subcommittees responsible for school aid appropriations not
10 later than 7 days after the conclusion of the revenue conference.

11 (b) The revenue adjustment factor shall be computed by
12 dividing the sum of the estimated total state school aid fund
13 revenue for the subsequent state fiscal year plus the estimated
14 total state school aid fund revenue for the current state fiscal
15 year, adjusted for any change in the rate or base of a tax the
16 proceeds of which are deposited in that fund and excluding money
17 transferred into that fund from the countercyclical budget and
18 economic stabilization fund under section 353e of the management
19 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
20 estimated total school aid fund revenue for the current state
21 fiscal year plus the estimated total state school aid fund revenue
22 for the immediately preceding state fiscal year, adjusted for any
23 change in the rate or base of a tax the proceeds of which are
24 deposited in that fund. If a consensus revenue factor is not
25 determined at the revenue estimating conference, the principals of
26 the revenue estimating conference shall report their estimates to
27 the house and senate subcommittees responsible for school aid

1 appropriations not later than 7 days after the conclusion of the
2 revenue conference.

3 (c) The index shall be calculated by multiplying the pupil
4 membership factor by the revenue adjustment factor. However, for
5 ~~2004-2005~~ **2005-2006**, the index shall be 1.00. If a consensus index
6 is not determined at the revenue estimating conference, the
7 principals of the revenue estimating conference shall report their
8 estimates to the house and senate subcommittees responsible for
9 school aid appropriations not later than 7 days after the
10 conclusion of the revenue conference.

11 (14) If the principals at the revenue estimating conference
12 reach a consensus on the index described in subsection (13)(c), the
13 basic foundation allowance for the subsequent state fiscal year
14 shall be at least the amount of that consensus index multiplied by
15 the basic foundation allowance specified in subsection (1).

16 (15) If at the January revenue estimating conference it is
17 estimated that pupil membership, excluding intermediate district
18 membership, for the subsequent state fiscal year will be greater
19 than 101% of the pupil membership, excluding intermediate district
20 membership, for the current state fiscal year, then it is the
21 intent of the legislature that the executive budget proposal for
22 the school aid budget for the subsequent state fiscal year include
23 a general fund/general purpose allocation sufficient to support the
24 membership in excess of 101% of the current year pupil membership.

25 (16) For a district that had combined state and local revenue
26 per membership pupil in the 1993-94 state fiscal year of more than
27 \$6,500.00, that had fewer than 7 pupils in membership in the 1993-

1 94 state fiscal year, that has at least 1 child educated in the
2 district in the current state fiscal year, and that levies the
3 number of mills of school operating taxes authorized for the
4 district under section 1211 of the revised school code, MCL
5 380.1211, a minimum amount of combined state and local revenue
6 shall be calculated for the district as provided under this
7 subsection. The minimum amount of combined state and local revenue
8 for 1999-2000 shall be \$67,000.00 plus the district's additional
9 expenses to educate pupils in grades 9 to 12 educated in other
10 districts as determined and allowed by the department. The minimum
11 amount of combined state and local revenue under this subsection,
12 before adding the additional expenses, shall increase each fiscal
13 year by the same percentage increase as the percentage increase in
14 the basic foundation allowance from the immediately preceding
15 fiscal year to the current fiscal year. The state portion of the
16 minimum amount of combined state and local revenue under this
17 subsection shall be calculated by subtracting from the minimum
18 amount of combined state and local revenue under this subsection
19 the sum of the district's local school operating revenue and an
20 amount equal to the product of the sum of the state portion of the
21 district's foundation allowance plus the amount calculated under
22 section 20j times the district's membership. As used in this
23 subsection, "additional expenses" means the district's expenses for
24 tuition or fees, not to exceed \$6,500.00 as adjusted each year by
25 an amount equal to the dollar amount of the difference between the
26 basic foundation allowance for the current state fiscal year and
27 \$5,000.00, minus \$200.00, plus a room and board stipend not to

1 exceed \$10.00 per school day for each pupil in grades 9 to 12
2 educated in another district, as approved by the department.

3 (17) For a district in which 7.75 mills levied in 1992 for
4 school operating purposes in the 1992-93 school year were not
5 renewed in 1993 for school operating purposes in the 1993-94 school
6 year, the district's combined state and local revenue per
7 membership pupil shall be recalculated as if that millage reduction
8 did not occur and the district's foundation allowance shall be
9 calculated as if its 1994-95 foundation allowance had been
10 calculated using that recalculated 1993-94 combined state and local
11 revenue per membership pupil as a base. A district is not entitled
12 to any retroactive payments for fiscal years before 2000-2001 due
13 to this subsection.

14 (18) For a district in which an industrial facilities
15 exemption certificate that abated taxes on property with a state
16 equalized valuation greater than the total state equalized
17 valuation of the district at the time the certificate was issued or
18 \$700,000,000.00, whichever is greater, was issued under 1974 PA
19 198, MCL 207.551 to 207.572, before the calculation of the
20 district's 1994-95 foundation allowance, the district's foundation
21 allowance for 2002-2003 is an amount equal to the sum of the
22 district's foundation allowance for 2002-2003, as otherwise
23 calculated under this section, plus \$250.00.

24 (19) For a district that received a grant under former section
25 32e for 2001-2002, the district's foundation allowance for 2002-
26 2003 and each succeeding fiscal year shall be adjusted to be an
27 amount equal to the sum of the district's foundation allowance, as

1 otherwise calculated under this section, plus the quotient of 100%
2 of the amount of the grant award to the district for 2001-2002
3 under former section 32e divided by the number of pupils in the
4 district's membership for 2001-2002 who were residents of and
5 enrolled in the district. Except as otherwise provided in this
6 subsection, a district qualifying for a foundation allowance
7 adjustment under this subsection shall use the funds resulting from
8 this adjustment for at least 1 of grades K to 3 for purposes
9 allowable under former section 32e as in effect for 2001-2002. For
10 an individual school or schools operated by a district qualifying
11 for a foundation allowance under this subsection that have been
12 determined by the department to meet the adequate yearly progress
13 standards of the federal no child left behind act of 2001, Public
14 Law 107-110, in both mathematics and English language arts at all
15 applicable grade levels for all applicable subgroups, the district
16 may submit to the department an application for flexibility in
17 using the funds resulting from this adjustment that are
18 attributable to the pupils in the school or schools. The
19 application shall identify the affected school or schools and the
20 affected funds and shall contain a plan for using the funds for
21 specific purposes identified by the district that are designed to
22 reduce class size, but that may be different from the purposes
23 otherwise allowable under this subsection. The department shall
24 approve the application if the department determines that the
25 purposes identified in the plan are reasonably designed to reduce
26 class size. If the department does not act to approve or disapprove
27 an application within 30 days after it is submitted to the

Senate Bill No. 279 as amended June 16, 2005

1 department, the application is considered to be approved. If an
2 application for flexibility in using the funds is approved, the
3 district may use the funds identified in the application for any
4 purpose identified in the plan.

5 (20) For a district that is a qualifying school district with
6 a school reform board in place under part 5a of the revised school
7 code, MCL 380.371 to 380.376, the district's foundation allowance
8 for 2002-2003 shall be adjusted to be an amount equal to the sum of
9 the district's foundation allowance, as otherwise calculated under
10 this section, plus the quotient of \$15,000,000.00 divided by the
11 district's membership for 2002-2003. If a district ceases to meet
12 the requirements of this subsection, the department shall adjust
13 the district's foundation allowance in effect at that time based on
14 a 2002-2003 foundation allowance for the district that does not
15 include the 2002-2003 adjustment under this subsection. **THIS**
16 **SUBSECTION ONLY APPLIES FOR 2002-2003, 2003-2004, AND 2004-2005.**
17 **BEGINNING IN 2005-2006, THE FOUNDATION ALLOWANCE OF A DISTRICT THAT**
18 **RECEIVED AN ADJUSTMENT UNDER THIS SUBSECTION FOR THOSE FISCAL YEARS**
19 **SHALL BE CALCULATED AS IF THOSE ADJUSTMENTS DID NOT OCCUR.**

<<(21) FOR A DISTRICT IN WHICH THE SCHOOL ELECTORS VOTED IN 1993 ON
A PROPOSAL TO OVERRIDE A MILLAGE REDUCTION REQUIRED UNDER SECTION 31 OF
ARTICLE IX OF THE STATE CONSTITUTION OF 1963 OF 4.38 MILLS FOR OPERATING
PURPOSES BUT DID NOT APPROVE THE PROPOSAL, THE DISTRICT'S COMBINED STATE
AND LOCAL REVENUE PER MEMBERSHIP PUPIL SHALL BE RECALCULATED AS IF THAT
MILLAGE REDUCTION DID NOT OCCUR AND, BEGINNING IN 2005-2006, THE
DISTRICT'S FOUNDATION ALLOWANCE SHALL BE CALCULATED AS IF ITS 1994-1995
FOUNDATION ALLOWANCE HAD BEEN CALCULATED USING THE RECALCULATED 1993-1994
COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL AS A BASE. A
DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL YEARS
BEFORE 2004-2005 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING AN
ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN \$50.00 FOR A
FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

(22) FOR A DISTRICT THAT LEVIED 1.9 MILLS IN 1993 TO FINANCE AN
OPERATING DEFICIT, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE
CALCULATED AS IF THOSE MILLS WERE INCLUDED AS OPERATING MILLS IN THE
CALCULATION OF THE DISTRICT'S 1994-1995 FOUNDATION ALLOWANCE. A DISTRICT
IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL YEARS BEFORE 2005-
2006 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING AN ADJUSTMENT UNDER
S01610'05 (S-1)

Senate Bill No. 279 as amended June 16, 2005

THIS SUBSECTION SHALL NOT RECEIVE MORE THAN \$50.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.

(23) FOR A DISTRICT IN WHICH 4.91 MILLS LEVIED IN 1992 FOR SCHOOL OPERATING PURPOSES IN THE 1992-93 SCHOOL YEAR WERE NOT RENEWED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR, THE DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL SHALL BE RECALCULATED AS IF THAT MILLAGE REDUCTION DID NOT OCCUR AND, BEGINNING IN 2005-2006, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE CALCULATED AS IF ITS 1994-95 FOUNDATION ALLOWANCE HAD BEEN CALCULATED USING THAT RECALCULATED 1993-94 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL AS A BASE. A DISTRICT RECEIVING AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN \$50.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.>>

20 <<(24) ~~(21)~~>> Payments to districts, university schools, or public
21 school academies shall not be made under this section. Rather, the
22 calculations under this section shall be used to determine the
23 amount of state payments under section 22b.

24 <<(25) ~~(22)~~>> If an amendment to section 2 of article VIII of the
state
25 constitution of 1963 allowing state aid to some or all nonpublic
26 schools is approved by the voters of this state, each foundation
27 allowance or per pupil payment calculation under this section may

Senate Bill No. 279 as amended June 16, 2005

be reduced.

<<(26) ~~(23)~~>> As used in this section:

(a) "Combined state and local revenue" means the aggregate of the district's state school aid received by or paid on behalf of the district under this section and the district's local school operating revenue.

(b) "Combined state and local revenue per membership pupil" means the district's combined state and local revenue divided by the district's membership excluding special education pupils.

(c) "Current state fiscal year" means the state fiscal year for which a particular calculation is made.

(d) "Immediately preceding state fiscal year" means the state fiscal year immediately preceding the current state fiscal year.

(e) "Local school operating revenue" means school operating taxes levied under section 1211 of the revised school code, MCL 380.1211.

(f) "Local school operating revenue per membership pupil" means a district's local school operating revenue divided by the district's membership excluding special education pupils.

(g) "Membership" means the definition of that term under section 6 as in effect for the particular fiscal year for which a particular calculation is made.

(h) "Principal residence" and "qualified agricultural property" mean those terms as defined in section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.

(i) "School operating purposes" means the purposes included in the operation costs of the district as prescribed in sections 7 and

Senate Bill No. 279 as amended June 16, 2005

18.

(j) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the revised school code, MCL 380.1211, and retained for school operating purposes.

(k) "Taxable value per membership pupil" means taxable value, as certified by the department of treasury, for the calendar year ending in the current state fiscal year divided by the district's membership excluding special education pupils for the school year ending in the current state fiscal year.

Sec. 20j. (1) Foundation allowance supplemental payments for ~~2004-2005~~ **2005-2006** to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) <<The >>
per pupil allocation to each district under this section shall be the difference between the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the basic foundation allowance minus the dollar amount of the adjustment from the 1998-99 state fiscal year to the current state fiscal year in the district's foundation allowance. <<

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(3) If a district's local revenue per pupil does not exceed

the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~-\$6,765,300,000.00 for 2003-2004~~ ~~and an amount not to exceed \$6,678,977,800.00~~ **\$6,615,000,000.00** for 2004-2005 **AND AN AMOUNT NOT TO EXCEED \$6,459,000,000.00 FOR 2005-2006** for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district,

1 qualifying university school, and qualifying public school academy
2 an amount equal to its 1994-95 total state and local per pupil
3 revenue for school operating purposes under section 11 of article
4 IX of the state constitution of 1963. Pursuant to section 11 of
5 article IX of the state constitution of 1963, this guarantee does
6 not apply to a district in a year in which the district levies a
7 millage rate for school district operating purposes less than it
8 levied in 1994. However, subsection (2) applies to calculating the
9 payments under this section. Funds allocated under this section
10 that are not expended in the state fiscal year for which they were
11 allocated, as determined by the department, may be used to
12 supplement the allocations under sections 22b and 51c in order to
13 fully fund those calculated allocations for the same fiscal year.

14 (2) To ensure that a district receives an amount equal to the
15 district's 1994-95 total state and local per pupil revenue for
16 school operating purposes, there is allocated to each district a
17 state portion of the district's 1994-95 foundation allowance in an
18 amount calculated as follows:

19 (a) Except as otherwise provided in this subsection, the state
20 portion of a district's 1994-95 foundation allowance is an amount
21 equal to the district's 1994-95 foundation allowance or \$6,500.00,
22 whichever is less, minus the difference between the product of the
23 taxable value per membership pupil of all property in the district
24 that is not a homestead or qualified agricultural property times
25 the lesser of 18 mills or the number of mills of school operating
26 taxes levied by the district in 1993-94 and the quotient of the ad
27 valorem property tax revenue of the district captured under 1975 PA

1 197, MCL 125.1651 to 125.1681, the tax increment finance authority
2 act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development
3 financing act, 1986 PA 281, MCL 125.2151 to 125.2174, or the
4 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
5 to 125.2672, divided by the district's membership. For a district
6 that has a millage reduction required under section 31 of article
7 IX of the state constitution of 1963, the state portion of the
8 district's foundation allowance shall be calculated as if that
9 reduction did not occur.

10 (b) For a district that had a 1994-95 foundation allowance
11 greater than \$6,500.00, the state payment under this subsection
12 shall be the sum of the amount calculated under subdivision (a)
13 plus the amount calculated under this subdivision. The amount
14 calculated under this subdivision shall be equal to the difference
15 between the district's 1994-95 foundation allowance minus \$6,500.00
16 and the current year hold harmless school operating taxes per
17 pupil. If the result of the calculation under subdivision (a) is
18 negative, the negative amount shall be an offset against any state
19 payment calculated under this subdivision. If the result of a
20 calculation under this subdivision is negative, there shall not be
21 a state payment or a deduction under this subdivision. The taxable
22 values per membership pupil used in the calculations under this
23 subdivision are as adjusted by ad valorem property tax revenue
24 captured under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
25 increment finance authority act, 1980 PA 450, MCL 125.1801 to
26 125.1830, the local development financing act, 1986 PA 281, MCL
27 125.2151 to 125.2174, or the brownfield redevelopment financing

1 act, 1996 PA 381, MCL 125.2651 to 125.2672, divided by the
2 district's membership.

3 (3) Beginning in 2003-2004, for pupils in membership in a
4 qualifying public school academy or qualifying university school,
5 there is allocated under this section to the authorizing body that
6 is the fiscal agent for the qualifying public school academy for
7 forwarding to the qualifying public school academy, or to the board
8 of the public university operating the qualifying university
9 school, an amount equal to the 1994-95 per pupil payment to the
10 qualifying public school academy or qualifying university school
11 under section 20.

12 (4) A district, qualifying university school, or qualifying
13 public school academy may use funds allocated under this section in
14 conjunction with any federal funds for which the district,
15 qualifying university school, or qualifying public school academy
16 otherwise would be eligible.

17 (5) For a district that is formed or reconfigured after June
18 1, 2000 by consolidation of 2 or more districts or by annexation,
19 the resulting district's 1994-95 foundation allowance under this
20 section beginning after the effective date of the consolidation or
21 annexation shall be the average of the 1994-95 foundation
22 allowances of each of the original or affected districts,
23 calculated as provided in this section, weighted as to the
24 percentage of pupils in total membership in the resulting district
25 in the state fiscal year in which the consolidation takes place who
26 reside in the geographic area of each of the original districts. If
27 an affected district's 1994-95 foundation allowance is less than

1 the 1994-95 basic foundation allowance, the amount of that
2 district's 1994-95 foundation allowance shall be considered for the
3 purpose of calculations under this subsection to be equal to the
4 amount of the 1994-95 basic foundation allowance.

5 (6) As used in this section:

6 (a) "1994-95 foundation allowance" means a district's 1994-95
7 foundation allowance calculated and certified by the department of
8 treasury or the superintendent under former section 20a as enacted
9 in 1993 PA 336 and as amended by 1994 PA 283.

10 (b) "Current state fiscal year" means the state fiscal year
11 for which a particular calculation is made.

12 (c) "Current year hold harmless school operating taxes per
13 pupil" means the per pupil revenue generated by multiplying a
14 district's 1994-95 hold harmless millage by the district's current
15 year taxable value per membership pupil.

16 (d) "Hold harmless millage" means, for a district with a 1994-
17 95 foundation allowance greater than \$6,500.00, the number of mills
18 by which the exemption from the levy of school operating taxes on a
19 homestead and qualified agricultural property could be reduced as
20 provided in section 1211(1) of the revised school code, MCL
21 380.1211, and the number of mills of school operating taxes that
22 could be levied on all property as provided in section 1211(2) of
23 the revised school code, MCL 380.1211, as certified by the
24 department of treasury for the 1994 tax year.

25 (e) "Homestead" means that term as defined in section 1211 of
26 the revised school code, MCL 380.1211.

27 (f) "Membership" means the definition of that term under

1 section 6 as in effect for the particular fiscal year for which a
2 particular calculation is made.

3 (g) "Qualified agricultural property" means that term as
4 defined in section 1211 of the revised school code, MCL 380.1211.

5 (h) "Qualifying public school academy" means a public school
6 academy that was in operation in the 1994-95 school year and is in
7 operation in the current state fiscal year.

8 (i) "Qualifying university school" means a university school
9 that was in operation in the 1994-95 school year and is in
10 operation in the current fiscal year.

11 (j) "School operating taxes" means local ad valorem property
12 taxes levied under section 1211 of the revised school code, MCL
13 380.1211, and retained for school operating purposes.

14 (k) "Taxable value per membership pupil" means each of the
15 following divided by the district's membership:

16 (i) For the number of mills by which the exemption from the
17 levy of school operating taxes on a homestead and qualified
18 agricultural property may be reduced as provided in section 1211(1)
19 of the revised school code, MCL 380.1211, the taxable value of
20 homestead and qualified agricultural property for the calendar year
21 ending in the current state fiscal year.

22 (ii) For the number of mills of school operating taxes that may
23 be levied on all property as provided in section 1211(2) of the
24 revised school code, MCL 380.1211, the taxable value of all
25 property for the calendar year ending in the current state fiscal
26 year.

27 Sec. 22b. (1) From the appropriation in section 11, there is

Senate Bill No. 279 as amended June 16, 2005

allocated an amount not to exceed ~~-\$2,910,300,000.00~~

\$2,923,200,000.00 for 2004-2005 AND AN AMOUNT NOT TO EXCEED

<<\$3,192,200,150.00>> FOR 2005-2006 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) Subject to subsection (3) and section 11, the allocation to a district under this section shall be an amount equal to the sum of the amounts calculated under sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to the district under sections 22a and 51c.

(3) In order to receive an allocation under this section, each district shall administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement.

(4) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under

1 this section is insufficient to fully fund all payments required
2 under this section, the payments under this subsection shall be
3 made in full before any proration of remaining payments under this
4 section.

5 (5) It is the intent of the legislature that all
6 constitutional obligations of this state have been fully funded
7 under sections 22a, 31d, 51a, and 51c. If a claim is made by an
8 entity receiving funds under this act that challenges the
9 legislative determination of the adequacy of this funding or
10 alleges that there exists an unfunded constitutional requirement,
11 the state budget director may escrow or allocate from the
12 discretionary funds for nonmandated payments under this section the
13 amount as may be necessary to satisfy the claim before making any
14 payments to districts under subsection (2). If funds are escrowed,
15 the escrowed funds are a work project appropriation and the funds
16 are carried forward into the following fiscal year. The purpose of
17 the work project is to provide for any payments that may be awarded
18 to districts as a result of litigation. The work project shall be
19 completed upon resolution of the litigation.

20 (6) If the local claims review board or a court of competent
21 jurisdiction makes a final determination that this state is in
22 violation of section 29 of article IX of the state constitution of
23 1963 regarding state payments to districts, the state budget
24 director shall use work project funds under subsection (5) or
25 allocate from the discretionary funds for nonmandated payments
26 under this section the amount as may be necessary to satisfy the
27 amount owed to districts before making any payments to districts

1 under subsection (2).

2 (7) If a claim is made in court that challenges the
3 legislative determination of the adequacy of funding for this
4 state's constitutional obligations or alleges that there exists an
5 unfunded constitutional requirement, any interested party may seek
6 an expedited review of the claim by the local claims review board.
7 If the claim exceeds \$10,000,000.00, this state may remove the
8 action to the court of appeals, and the court of appeals shall have
9 and shall exercise jurisdiction over the claim.

10 (8) If payments resulting from a final determination by the
11 local claims review board or a court of competent jurisdiction that
12 there has been a violation of section 29 of article IX of the state
13 constitution of 1963 exceed the amount allocated for discretionary
14 nonmandated payments under this section, the legislature shall
15 provide for adequate funding for this state's constitutional
16 obligations at its next legislative session.

17 (9) If a lawsuit challenging payments made to districts
18 related to costs reimbursed by federal title XIX medicaid funds is
19 filed against this state during 2001-2002, 2002-2003, or 2003-2004,
20 50% of the amount allocated in subsection (1) not previously paid
21 out for 2002-2003, 2003-2004, and each succeeding fiscal year is a
22 work project appropriation and the funds are carried forward into
23 the following fiscal year. The purpose of the work project is to
24 provide for any payments that may be awarded to districts as a
25 result of the litigation. The work project shall be completed upon
26 resolution of the litigation. In addition, this state reserves the
27 right to terminate future federal title XIX medicaid reimbursement

1 payments to districts if the amount or allocation of reimbursed
2 funds is challenged in the lawsuit. As used in this subsection,
3 "title XIX" means title XIX of the social security act, 42 USC 1396
4 to 1396v.

5 Sec. 22d. (1) From the amount allocated under section 22b, an
6 amount not to exceed \$750,000.00 is allocated **FOR 2005-2006** for
7 additional payments to small, geographically isolated districts
8 under this section.

9 (2) To be eligible for a payment under this section, a
10 district shall meet all of the following:

11 (a) Operates grades K to 12.

12 (b) Has fewer than 250 pupils in membership.

13 (c) Each school building operated by the district meets at
14 least 1 of the following:

15 (i) Is located in the Upper Peninsula at least 30 miles from
16 any other public school building.

17 (ii) Is located on an island that is not accessible by bridge.

18 (3) The amount of the additional funding to each eligible
19 district under this section shall be determined under a spending
20 plan developed as provided in this subsection and approved by the
21 superintendent of public instruction. The spending plan shall be
22 developed cooperatively by the intermediate superintendents of each
23 intermediate district in which an eligible district is located. The
24 intermediate superintendents shall review the financial situation
25 of each eligible district, determine the minimum essential
26 financial needs of each eligible district, and develop and agree on
27 a spending plan that distributes the available funding under this

1 section to the eligible districts based on those financial needs.
 2 The intermediate superintendents shall submit the spending plan to
 3 the superintendent of public instruction for approval. Upon
 4 approval by the superintendent of public instruction, the amounts
 5 specified for each eligible district under the spending plan are
 6 allocated under this section and shall be paid to the eligible
 7 districts in the same manner as payments under section 22b.

8 Sec. 24. (1) ~~Subject to subsection (2), from~~ **FROM** the
 9 appropriation in section 11, there is allocated for ~~2004-2005~~
 10 **2005-2006 AN AMOUNT NOT TO EXCEED \$8,000,000.00 FOR PAYMENTS** to the
 11 educating district or intermediate district ~~an amount equal to~~
 12 ~~100% of the added cost each fiscal year~~ for educating ~~all~~ pupils
 13 assigned by a court or the ~~family independence agency~~ **DEPARTMENT**
 14 **OF HUMAN SERVICES** to reside in or to attend a juvenile detention
 15 facility or child caring institution licensed by the ~~family~~
 16 ~~independence agency~~ **DEPARTMENT OF HUMAN SERVICES** and approved by
 17 the department to provide an on-grounds education program. ~~The~~
 18 ~~total amount to be paid under this section for added cost shall not~~
 19 ~~exceed \$8,000,000.00 for 2004-2005.~~ **THE AMOUNT OF THE PAYMENT**
 20 **UNDER THIS SECTION TO A DISTRICT OR INTERMEDIATE DISTRICT SHALL BE**
 21 **CALCULATED AS PRESCRIBED UNDER SUBSECTION (2).**

22 (2) **FOR 2005-2006, 70% OF THE TOTAL AMOUNT ALLOCATED UNDER**
 23 **THIS SECTION SHALL BE ALLOCATED BY PAYING TO THE EDUCATING DISTRICT**
 24 **OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO THE LESSER OF THE**
 25 **DISTRICT'S OR INTERMEDIATE DISTRICT'S ADDED COST OR THE**
 26 **DEPARTMENT'S APPROVED PER PUPIL ALLOCATION FOR THE DISTRICT OR**
 27 **INTERMEDIATE DISTRICT, AND 30% OF THE TOTAL AMOUNT ALLOCATED UNDER**

1 THIS SECTION SHALL BE ALLOCATED BY PAYING TO THE EDUCATING DISTRICT
2 OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO THE DISTRICT'S OR
3 INTERMEDIATE DISTRICT'S ADDED COST. FOR 2006-2007, 80% OF THE TOTAL
4 AMOUNT ALLOCATED UNDER THIS SECTION SHALL BE ALLOCATED BY PAYING TO
5 THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO
6 THE LESSER OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S ADDED COST
7 OR THE DEPARTMENT'S APPROVED PER PUPIL ALLOCATION FOR THE DISTRICT
8 OR INTERMEDIATE DISTRICT, AND 20% OF THE TOTAL AMOUNT ALLOCATED
9 UNDER THIS SECTION SHALL BE ALLOCATED BY PAYING TO THE EDUCATING
10 DISTRICT OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO THE DISTRICT'S
11 OR INTERMEDIATE DISTRICT'S ADDED COST. FOR 2007-2008, 90% OF THE
12 TOTAL AMOUNT ALLOCATED UNDER THIS SECTION SHALL BE ALLOCATED BY
13 PAYING TO THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT AN AMOUNT
14 EQUAL TO THE LESSER OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
15 ADDED COST OR THE DEPARTMENT'S APPROVED PER PUPIL ALLOCATION FOR
16 THE DISTRICT OR INTERMEDIATE DISTRICT, AND 10% OF THE TOTAL AMOUNT
17 ALLOCATED UNDER THIS SECTION SHALL BE ALLOCATED BY PAYING TO THE
18 EDUCATING DISTRICT OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO THE
19 DISTRICT'S OR INTERMEDIATE DISTRICT'S ADDED COST. BEGINNING WITH
20 ALLOCATIONS FOR 2008-2009, 100% OF THE TOTAL AMOUNT ALLOCATED UNDER
21 THIS SECTION SHALL BE ALLOCATED BY PAYING TO THE EDUCATING DISTRICT
22 OR INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO THE LESSER OF THE
23 DISTRICT'S OR INTERMEDIATE DISTRICT'S ADDED COST OR THE
24 DEPARTMENT'S APPROVED PER PUPIL ALLOCATION FOR THE DISTRICT OR
25 INTERMEDIATE DISTRICT. For the purposes of this ~~section, "added~~
26 ~~cost" shall be computed by deducting all other revenue received~~
27 ~~under this act for pupils described in this section from total~~

~~costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution.~~ SUBSECTION:

(A) "ADDED COST" MEANS 100% OF THE ADDED COST EACH FISCAL YEAR FOR EDUCATING ALL PUPILS ASSIGNED BY A COURT OR THE DEPARTMENT OF HUMAN SERVICES TO RESIDE IN OR TO ATTEND A JUVENILE DETENTION FACILITY OR CHILD CARING INSTITUTION LICENSED BY THE DEPARTMENT OF HUMAN SERVICES OR THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH AND APPROVED BY THE DEPARTMENT TO PROVIDE AN ON-GROUNDS EDUCATION PROGRAM. ADDED COST SHALL BE COMPUTED BY DEDUCTING ALL OTHER REVENUE RECEIVED UNDER THIS ACT FOR PUPILS DESCRIBED IN THIS SECTION FROM TOTAL COSTS, AS APPROVED BY THE DEPARTMENT, IN WHOLE OR IN PART, FOR EDUCATING THOSE PUPILS IN THE ON-GROUNDS EDUCATION PROGRAM OR IN A PROGRAM APPROVED BY THE DEPARTMENT THAT IS LOCATED ON PROPERTY ADJACENT TO A JUVENILE DETENTION FACILITY OR CHILD CARING INSTITUTION. Costs reimbursed by federal funds are not included. ~~For a particular fiscal year, for an on-grounds education program or a program located on property adjacent to a juvenile detention facility or child caring institution that was not in existence at the time the allocations under this section were approved, the department shall give approval for only that portion of the educating district's or intermediate district's total costs that will not prevent the allocated amounts under this section from first being applied to 100% of the added cost of the programs that were in existence at the time the preliminary~~

1 ~~allocations under this section were approved for that fiscal year.~~

2 (B) "DEPARTMENT'S APPROVED PER PUPIL ALLOCATION" FOR A
3 DISTRICT OR INTERMEDIATE DISTRICT SHALL BE DETERMINED BY DIVIDING
4 THE TOTAL AMOUNT ALLOCATED UNDER THIS SECTION FOR A FISCAL YEAR BY
5 THE FULL-TIME EQUATED MEMBERSHIP TOTAL FOR ALL PUPILS APPROVED BY
6 THE DEPARTMENT TO BE FUNDED UNDER THIS SECTION FOR THAT FISCAL YEAR
7 FOR THE DISTRICT OR INTERMEDIATE DISTRICT.

8 (3) ~~—(2)—~~ A district or intermediate district educating pupils
9 described in this section at a residential child caring institution
10 may operate, and receive funding under this section for, a
11 department-approved on-grounds educational program for those pupils
12 that is longer than 181 days, but not longer than 233 days, if the
13 child caring institution was licensed as a child caring institution
14 and offered in 1991-92 an on-grounds educational program that was
15 longer than 181 days but not longer than 233 days and that was
16 operated by a district or intermediate district.

17 (4) ~~—(3)—~~ Special education pupils funded under section 53a
18 shall not be funded under this section.

19 Sec. 25. If a pupil is enrolled in an alternative education
20 program operated by an intermediate district or district for **THE**
21 **PURPOSE OF EDUCATING** pupils who have been expelled from school **OR**
22 **REFERRED FROM THE COURT**, and if the pupil is counted in membership
23 in another intermediate district or district, the intermediate
24 district or district operating the program shall report the
25 enrollment information to the department and to the district in
26 which the pupil is counted in membership, and the district in which
27 the pupil is counted in membership shall pay to the intermediate

1 district or district operating the program an amount equal to the
2 amount of the foundation allowance or per pupil payment as
3 calculated under section 20 for the district in which the pupil is
4 counted in membership, prorated according to the number of days of
5 the school year ending in the fiscal year the pupil is educated in
6 the alternative education program compared to the number of days of
7 the school year ending in the fiscal year the pupil was actually
8 enrolled in the district in which the pupil is counted in
9 membership. The foundation allowance or per pupil payment shall be
10 adjusted by the pupil's full-time equated status as affected by the
11 membership definition under section 6(4). If a district does not
12 make the payment required under this section within 30 days after
13 receipt of the report, the department shall calculate the amount
14 owed, shall deduct that amount from the remaining state school aid
15 payments to the district for that fiscal year under this act, and
16 shall pay that amount to the intermediate district or district
17 operating the alternative education program. The district in which
18 the pupil is counted in membership and the intermediate district or
19 district operating the alternative education program shall provide
20 to the department all information the department requires to
21 enforce this section.

22 Sec. 26a. From the general fund appropriation in section 11,
23 there is allocated an amount not to exceed ~~-\$36,200,000.00~~
24 **\$11,300,000.00, AND FROM THE STATE SCHOOL AID FUND APPROPRIATION IN**
25 **SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED**
26 **\$33,700,000.00, for ~~2004-2005~~ 2005-2006** to reimburse districts,
27 intermediate districts, and the state school aid fund pursuant to

Senate Bill No. 279 as amended June 16, 2005

section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in ~~2004~~ 2005 or for payments to districts as reimbursement for interest paid as a result of property tax refunds. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

SEC. 26B. (1) BEGINNING IN 2005-2006, THERE IS ALLOCATED FROM THE APPROPRIATIONS IN SECTION 11 AN AMOUNT NOT TO EXCEED \$2,400,000.00 FOR PAYMENTS TO DISTRICTS, INTERMEDIATE DISTRICTS, AND COMMUNITY COLLEGE DISTRICTS FOR THE PORTION OF THE PAYMENT IN LIEU OF TAXES OBLIGATION THAT IS ATTRIBUTABLE TO DISTRICTS, INTERMEDIATE DISTRICTS, AND COMMUNITY COLLEGE DISTRICTS PURSUANT TO SECTION 2154 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.2154.

(2) IF THE AMOUNT APPROPRIATED UNDER THIS SECTION IS NOT SUFFICIENT TO FULLY PAY OBLIGATIONS UNDER THIS SECTION, PAYMENTS SHALL BE PRORATED ON AN EQUAL BASIS AMONG ALL ELIGIBLE DISTRICTS, INTERMEDIATE DISTRICTS, AND COMMUNITY COLLEGE DISTRICTS.

Sec. 31a. (1) From the money appropriated in section 11, there is allocated for ~~2004-2005~~ 2005-2006 an amount not to exceed ~~\$314,200,000.00~~ <<\$314,200,000.00>> for payments to eligible districts and eligible public school academies under this section. Subject to subsection (12), the amount of the additional allowance under this section shall be based on the number of actual pupils in membership in the district or public school academy who met the income

1 eligibility criteria for free breakfast, lunch, or milk in the
2 immediately preceding state fiscal year, as determined under the
3 Richard B. Russell national school lunch act, 42 USC 1751 to 1769h,
4 and reported to the department by October 31 of the immediately
5 preceding fiscal year and adjusted not later than December 31 of
6 the immediately preceding fiscal year. However, for a public school
7 academy that began operations as a public school academy after the
8 pupil membership count day of the immediately preceding school
9 year, the basis for the additional allowance under this section
10 shall be the number of actual pupils in membership in the public
11 school academy who met the income eligibility criteria for free
12 breakfast, lunch, or milk in the current state fiscal year, as
13 determined under the Richard B. Russell national school lunch act.

14 (2) To be eligible to receive funding under this section,
15 other than funding under subsection (6), a district or public
16 school academy that has not been previously determined to be
17 eligible shall apply to the department, in a form and manner
18 prescribed by the department, and a district or public school
19 academy must meet all of the following:

20 (a) The sum of the district's or public school academy's
21 combined state and local revenue per membership pupil in the
22 current state fiscal year, as calculated under section 20, plus the
23 amount of the district's per pupil allocation under section 20j(2),
24 is less than or equal to \$6,500.00 adjusted by the dollar amount of
25 the difference between the basic foundation allowance under section
26 20 for the current state fiscal year and \$5,000.00, minus \$200.00.

27 (b) The district or public school academy agrees to use the

1 funding only for purposes allowed under this section and to comply
2 with the program and accountability requirements under this
3 section.

4 (3) Except as otherwise provided in this subsection, an
5 eligible district or eligible public school academy shall receive
6 under this section for each membership pupil in the district or
7 public school academy who met the income eligibility criteria for
8 free breakfast, lunch, or milk, as determined under the Richard B.
9 Russell national school lunch act and as reported to the department
10 by October 31 of the immediately preceding fiscal year and adjusted
11 not later than December 31 of the immediately preceding fiscal
12 year, an amount per pupil equal to 11.5% of the sum of the
13 district's foundation allowance or public school academy's per
14 pupil amount calculated under section 20, plus the amount of the
15 district's per pupil allocation under section 20j(2), not to exceed
16 \$6,500.00 adjusted by the dollar amount of the difference between
17 the basic foundation allowance under section 20 for the current
18 state fiscal year and \$5,000.00, minus \$200.00, or of the public
19 school academy's per membership pupil amount calculated under
20 section 20 for the current state fiscal year. A public school
21 academy that began operations as a public school academy after the
22 pupil membership count day of the immediately preceding school year
23 shall receive under this section for each membership pupil in the
24 public school academy who met the income eligibility criteria for
25 free breakfast, lunch, or milk, as determined under the Richard B.
26 Russell national school lunch act and as reported to the department
27 by October 31 of the current fiscal year and adjusted not later

Senate Bill No. 279 as amended June 16, 2005

1 than December 31 of the current fiscal year, an amount per pupil
2 equal to 11.5% of the public school academy's per membership pupil
3 amount calculated under section 20 for the current state fiscal
4 year.

5 (4) Except as otherwise provided in this section, a district
6 or public school academy receiving funding under this section shall
7 use that money only to provide instructional programs and direct
8 noninstructional services, including, but not limited to, medical
9 or counseling services, for at-risk pupils; for school health
10 clinics; and for the purposes of subsection (5) or (6). In
11 addition, a district that is organized as a school district of the
12 first class under the revised school code or a district or public
13 school academy in which at least 50% of the pupils in membership
14 met the income eligibility criteria for free breakfast, lunch, or
15 milk in the immediately preceding state fiscal year, as determined
16 and reported as described in subsection (1), may use not more than
17 ~~<<10%~~ 15% of the funds it receives under this section for school
18 security. A district or public school academy shall not use any of
19 that money for administrative costs or to supplant another program
20 or other funds, except for funds allocated to the district or
21 public school academy under this section in the immediately
22 preceding year and already being used by the district or public
23 school academy for at-risk pupils. The instruction or direct
24 noninstructional services provided under this section may be
25 conducted before or after regular school hours or by adding extra
26 school days to the school year and may include, but are not limited
27 to, tutorial services, early childhood programs to serve children

1 age 0 to 5, and reading programs as described in former section 32f
2 as in effect for 2001-2002. A tutorial method may be conducted with
3 paraprofessionals working under the supervision of a certificated
4 teacher. The ratio of pupils to paraprofessionals shall be between
5 10:1 and 15:1. Only 1 certificated teacher is required to supervise
6 instruction using a tutorial method. As used in this subsection,
7 "to supplant another program" means to take the place of a
8 previously existing instructional program or direct
9 noninstructional services funded from a funding source other than
10 funding under this section.

11 (5) Except as otherwise provided in subsection (11), a
12 district or public school academy that receives funds under this
13 section and that operates a school breakfast program under section
14 1272a of the revised school code, MCL 380.1272a, shall use from the
15 funds received under this section an amount, not to exceed \$10.00
16 per pupil for whom the district or public school academy receives
17 funds under this section, necessary to operate the school breakfast
18 program.

19 (6) From the funds allocated under subsection (1), there is
20 allocated for 2004-2005 an amount not to exceed \$3,743,000.00 to
21 support teen health centers. These grants shall be awarded for 3
22 consecutive years beginning with 2003-2004 in a form and manner
23 approved jointly by the department and the department of community
24 health. Each grant recipient shall remain in compliance with the
25 terms of the grant award or shall forfeit the grant award for the
26 duration of the 3-year period after the noncompliance. Beginning in
27 2004-2005, to continue to receive funding for a teen health center

1 under this section a grant recipient shall ensure that the teen
2 health center has an advisory committee and that at least one-third
3 of the members of the advisory committee are parents or legal
4 guardians of school-aged children. A teen health center program
5 shall recognize the role of a child's parents or legal guardian in
6 the physical and emotional well-being of the child. If any funds
7 allocated under this subsection are not used for the purposes of
8 this subsection for the fiscal year in which they are allocated,
9 those unused funds shall be used that fiscal year to avoid or
10 minimize any proration that would otherwise be required under
11 subsection (12) for that fiscal year.

12 (7) Each district or public school academy receiving funds
13 under this section shall submit to the department by July 15 of
14 each fiscal year a report, not to exceed 10 pages, on the usage by
15 the district or public school academy of funds under this section,
16 which report shall include at least a brief description of each
17 program conducted by the district or public school academy using
18 funds under this section, the amount of funds under this section
19 allocated to each of those programs, the number of at-risk pupils
20 eligible for free or reduced price school lunch who were served by
21 each of those programs, and the total number of at-risk pupils
22 served by each of those programs. If a district or public school
23 academy does not comply with this subsection, the department shall
24 withhold an amount equal to the August payment due under this
25 section until the district or public school academy complies with
26 this subsection. If the district or public school academy does not
27 comply with this subsection by the end of the state fiscal year,

1 the withheld funds shall be forfeited to the school aid fund.

2 (8) In order to receive funds under this section, a district
3 or public school academy shall allow access for the department or
4 the department's designee to audit all records related to the
5 program for which it receives those funds. The district or public
6 school academy shall reimburse the state for all disallowances
7 found in the audit.

8 (9) Subject to subsections (5), (6), and (11), any district
9 may use up to 100% of the funds it receives under this section to
10 reduce the ratio of pupils to teachers in grades K-6, or any
11 combination of those grades, in school buildings in which the
12 percentage of pupils described in subsection (1) exceeds the
13 district's aggregate percentage of those pupils. Subject to
14 subsections (5), (6), and (11), if a district obtains a waiver from
15 the department, the district may use up to 100% of the funds it
16 receives under this section to reduce the ratio of pupils to
17 teachers in grades K-6, or any combination of those grades, in
18 school buildings in which the percentage of pupils described in
19 subsection (1) is at least 60% of the district's aggregate
20 percentage of those pupils and at least 30% of the total number of
21 pupils enrolled in the school building. To obtain a waiver, a
22 district must apply to the department and demonstrate to the
23 satisfaction of the department that the class size reductions would
24 be in the best interests of the district's at-risk pupils.

25 (10) A district or public school academy may use funds
26 received under this section for adult high school completion,
27 general educational development (G.E.D.) test preparation, adult

1 English as a second language, or adult basic education programs
2 described in section 107.

3 (11) For an individual school or schools operated by a
4 district or public school academy receiving funds under this
5 section that have been determined by the department to meet the
6 adequate yearly progress standards of the federal no child left
7 behind act of 2001, Public Law 107-110, in both mathematics and
8 English language arts at all applicable grade levels for all
9 applicable subgroups, the district or public school academy may
10 submit to the department an application for flexibility in using
11 the funds received under this section that are attributable to the
12 pupils in the school or schools. The application shall identify the
13 affected school or schools and the affected funds and shall contain
14 a plan for using the funds for specific purposes identified by the
15 district that are designed to benefit at-risk pupils in the school,
16 but that may be different from the purposes otherwise allowable
17 under this section. The department shall approve the application if
18 the department determines that the purposes identified in the plan
19 are reasonably designed to benefit at-risk pupils in the school. If
20 the department does not act to approve or disapprove an application
21 within 30 days after it is submitted to the department, the
22 application is considered to be approved. If an application for
23 flexibility in using the funds is approved, the district may use
24 the funds identified in the application for any purpose identified
25 in the plan.

26 (12) If necessary, and before any proration required under
27 section 11, the department shall prorate payments under this

1 section by reducing the amount of the per pupil payment under this
2 section by a dollar amount calculated by determining the amount by
3 which the amount necessary to fully fund the requirements of this
4 section exceeds the maximum amount allocated under this section and
5 then dividing that amount by the total statewide number of pupils
6 who met the income eligibility criteria for free breakfast, lunch,
7 or milk in the immediately preceding fiscal year, as described in
8 subsection (1).

9 (13) If a district is formed by consolidation after June 1,
10 1995, and if 1 or more of the original districts was not eligible
11 before the consolidation for an additional allowance under this
12 section, the amount of the additional allowance under this section
13 for the consolidated district shall be based on the number of
14 pupils described in subsection (1) enrolled in the consolidated
15 district who reside in the territory of an original district that
16 was eligible before the consolidation for an additional allowance
17 under this section.

18 (14) A district or public school academy that does not meet
19 the eligibility requirement under subsection (2)(a) is eligible for
20 funding under this section if at least 1/4 of the pupils in
21 membership in the district or public school academy met the income
22 eligibility criteria for free breakfast, lunch, or milk in the
23 immediately preceding state fiscal year, as determined and reported
24 as described in subsection (1), and at least 4,500 of the pupils in
25 membership in the district or public school academy met the income
26 eligibility criteria for free breakfast, lunch, or milk in the
27 immediately preceding state fiscal year, as determined and reported

1 as described in subsection (1). A district or public school academy
2 that is eligible for funding under this section because the
3 district meets the requirements of this subsection shall receive
4 under this section for each membership pupil in the district or
5 public school academy who met the income eligibility criteria for
6 free breakfast, lunch, or milk in the immediately preceding fiscal
7 year, as determined and reported as described in subsection (1), an
8 amount per pupil equal to 11.5% of the sum of the district's
9 foundation allowance or public school academy's per pupil
10 allocation under section 20, plus the amount of the district's per
11 pupil allocation under section 20j(2), not to exceed \$6,500.00
12 adjusted by the dollar amount of the difference between the basic
13 foundation allowance under section 20 for the current state fiscal
14 year and \$5,000.00, minus \$200.00.

15 (15) As used in this section, "at-risk pupil" means a pupil
16 for whom the district has documentation that the pupil meets at
17 least 2 of the following criteria: is a victim of child abuse or
18 neglect; is below grade level in English language and communication
19 skills or mathematics; is a pregnant teenager or teenage parent; is
20 eligible for a federal free or reduced-price lunch subsidy; has
21 atypical behavior or attendance patterns; or has a family history
22 of school failure, incarceration, or substance abuse. For pupils
23 for whom the results of at least the applicable Michigan education
24 assessment program (MEAP) test have been received, at-risk pupil
25 also includes a pupil who does not meet the other criteria under
26 this subsection but who did not achieve at least a score of level 2
27 on the most recent MEAP English language arts, mathematics, or

1 science test for which results for the pupil have been received.
2 For pupils for whom the results of the Michigan merit examination
3 have been received, at-risk pupil also includes a pupil who does
4 not meet the other criteria under this subsection but who did not
5 achieve proficiency on the reading component of the most recent
6 Michigan merit examination for which results for the pupil have
7 been received, did not achieve proficiency on the mathematics
8 component of the most recent Michigan merit examination for which
9 results for the pupil have been received, or did not achieve basic
10 competency on the science component of the most recent Michigan
11 merit examination for which results for the pupil have been
12 received. For pupils in grades K-3, at-risk pupil also includes a
13 pupil who is at risk of not meeting the district's core academic
14 curricular objectives in English language arts or mathematics.

15 Sec. 31d. (1) From the appropriations in section 11, there is
16 allocated an amount not to exceed ~~-\$21,095,100.00~~ **\$22,495,100.00**
17 for ~~2004-2005~~ **2005-2006** for the purpose of making payments to
18 districts and other eligible entities under this section.

19 (2) The amounts allocated from state sources under this
20 section shall be used to pay the amount necessary to reimburse
21 districts for 6.0127% of the necessary costs of the state mandated
22 portion of the school lunch programs provided by those districts.
23 The amount due to each district under this section shall be
24 computed by the department using the methods of calculation adopted
25 by the Michigan supreme court in the consolidated cases known as
26 Durant v State of Michigan, Michigan supreme court docket no.
27 104458-104492.

1 (3) The payments made under this section include all state
2 payments made to districts so that each district receives at least
3 6.0127% of the necessary costs of operating the state mandated
4 portion of the school lunch program in a fiscal year.

5 (4) The payments made under this section to districts and
6 other eligible entities that are not required under section 1272a
7 of the revised school code, MCL 380.1272a, to provide a school
8 lunch program shall be in an amount not to exceed \$10.00 per
9 eligible pupil plus 5 cents for each free lunch and 2 cents for
10 each reduced price lunch provided, as determined by the department.

11 (5) From the federal funds appropriated in section 11, there
12 is allocated for ~~2004-2005~~ **2005-2006** all available federal
13 funding, estimated at ~~-\$286,494,000.00~~ **\$303,684,000.00**, for the
14 national school lunch program and all available federal funding,
15 estimated at \$2,506,000.00, for the emergency food assistance
16 program.

17 (6) Notwithstanding section 17b, payments to eligible entities
18 other than districts under this section shall be paid on a schedule
19 determined by the department.

20 Sec. 32c. (1) From the general fund appropriation in section
21 11, there is allocated an amount not to exceed \$250,000.00 for
22 ~~2004-2005~~ **2005-2006** to the department for grants for community-
23 based collaborative prevention services designed to promote
24 marriage and foster positive parenting skills; improve parent/child
25 interaction, especially for children 0-3 years of age; promote
26 access to needed community services; increase local capacity to
27 serve families at risk; improve school readiness; and support

1 healthy family environments that discourage alcohol, tobacco, and
2 other drug use. The allocation under this section is to fund
3 secondary prevention programs. ~~as defined by the children's trust~~
4 ~~fund for the prevention of child abuse and neglect.~~

5 (2) The funds allocated under subsection (1) shall be
6 distributed through a joint request for proposals process
7 established by the department in conjunction with the ~~children's~~
8 ~~trust fund and the~~ state's interagency systems reform workgroup.
9 Projects funded with grants awarded under this section shall meet
10 all of the following:

11 (a) Be secondary prevention initiatives and voluntary to
12 consumers. This appropriation is not intended to serve the needs of
13 children for whom and families in which neglect or abuse has been
14 substantiated.

15 (b) Demonstrate that the planned services are part of a
16 community's integrated comprehensive family support strategy
17 endorsed by the local multi-purpose collaborative body.

18 (c) Provide a 25% local match, of which not more than 10% may
19 be in-kind services, unless this requirement is waived by the
20 interagency systems reform workgroup.

21 (3) Notwithstanding section 17b, payments under this section
22 may be made pursuant to an agreement with the department.

23 (4) Not later than January 30 of the next fiscal year, the
24 department shall prepare and submit to the governor and the
25 legislature an annual report of outcomes achieved by the providers
26 of the community-based collaborative prevention services funded
27 under this section for a fiscal year.

1 Sec. 32d. (1) From the state school aid fund money
2 appropriated under section 11, there is allocated an amount not to
3 exceed \$72,600,000.00 for ~~2004-2005~~ **2005-2006** for school
4 readiness or preschool and parenting program grants to enable
5 eligible districts, as determined under section 37, to develop or
6 expand, in conjunction with whatever federal funds may be
7 available, including, but not limited to, federal funds under title
8 I of the elementary and secondary education act of 1965, 20 USC
9 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford
10 elementary and secondary school improvement amendments of 1988,
11 Public Law 100-297, and the head start act, 42 USC 9831 to 9852a,
12 comprehensive compensatory programs designed to do 1 or both of the
13 following:

14 (a) Improve the readiness and subsequent achievement of
15 educationally disadvantaged children as defined by the department
16 who will be at least 4, but less than 5 years of age, as of
17 December 1 of the school year in which the programs are offered,
18 and who show evidence of 2 or more risk factors as defined in the
19 state board report entitled "children at risk" that was adopted by
20 the state board on April 5, 1988.

21 (b) Provide preschool and parenting education programs similar
22 to those under former section 32b as in effect for 2001-2002.

23 (2) A comprehensive compensatory program funded under this
24 section may include an age-appropriate educational curriculum,
25 nutritional services, health screening for participating children,
26 a plan for parent and legal guardian involvement, and provision of
27 referral services for families eligible for community social

1 services.

2 (3) In addition to the allocation under subsection (1), from
3 the general fund money allocated under section 11, there is
4 allocated an amount not to exceed \$200,000.00 for ~~2004-2005~~ **2005-**
5 **2006** for a competitive grant to continue a longitudinal evaluation
6 of children who have participated in the Michigan school readiness
7 program.

8 (4) A district receiving a grant under this section may
9 contract for the provision of the comprehensive compensatory
10 program and retain for administrative services an amount equal to
11 not more than 5% of the grant amount. **A DISTRICT MAY EXPEND NOT**
12 **MORE THAN 10% OF THE TOTAL GRANT AMOUNT FOR ADMINISTRATION OF THE**
13 **PROGRAM.**

14 (5) A grant recipient receiving funds under this section shall
15 report to the department ~~no later than October 15 of each year~~ **ON**
16 **THE MIDYEAR REPORT** the number of children participating in the
17 program who meet the income or other eligibility criteria specified
18 under section 37(3)(g) and the total number of children
19 participating in the program. For children participating in the
20 program who meet the income or other eligibility criteria specified
21 under section 37(3)(g), grant recipients shall also report whether
22 or not a parent is available to provide care based on employment
23 status. For the purposes of this subsection, "employment status"
24 shall be defined by the ~~family independence agency~~ **DEPARTMENT OF**
25 **HUMAN SERVICES** in a manner consistent with maximizing the amount of
26 spending that may be claimed for temporary assistance for needy
27 families maintenance of effort purposes.

1 Sec. 32j. (1) From the ~~allocation~~ **APPROPRIATIONS** in section
2 ~~81- 11~~, there is allocated an amount not to exceed \$3,326,000.00
3 for ~~2004-2005~~ **2005-2006** for great parents, great start grants to
4 intermediate districts to provide programs for parents with
5 preschool children. The purpose of these programs is to encourage
6 early literacy, improve school readiness, reduce the need for
7 special education services, and foster the maintenance of stable
8 families by encouraging positive parenting skills.

9 (2) To qualify for funding under this section, a program shall
10 provide services to all families with children age 5 or younger
11 residing within the intermediate district who choose to
12 participate, including at least all of the following services:

13 (a) Providing parents with information on child development
14 from birth to age 5.

15 (b) Providing parents with methods to enhance parent-child
16 interaction; including, but not limited to, encouraging parents to
17 read to their preschool children at least 1/2 hour per day.

18 (c) Providing parents with examples of learning opportunities
19 to promote intellectual, physical, and social growth of
20 preschoolers.

21 (d) Promoting access to needed community services through a
22 community-school-home partnership.

23 (e) Promoting marriage.

24 (3) To receive a grant under this section, an intermediate
25 district shall submit a plan to the department not later than
26 October 1, ~~2004~~ **2005** in the form and manner prescribed by the
27 department. The plan shall do all of the following in a manner

1 prescribed by the department:

2 (a) Provide a plan for the delivery of the program components
3 described in subsection (2) that provides for educators trained in
4 child development to help parents understand their role in their
5 child's developmental process, thereby promoting school readiness
6 and mitigating the need for special education services.

7 (b) Demonstrate an adequate collaboration of local entities
8 involved in providing programs and services for preschool children
9 and their parents. **DOCUMENTATION OF APPROVAL BY THE EARLY CHILDHOOD**
10 **INVESTMENT CORPORATION IS CONSIDERED ADEQUATE COLLABORATION FOR THE**
11 **PURPOSES OF THIS SUBDIVISION.**

12 (c) Provide a projected budget for the program to be funded.
13 The intermediate district shall provide at least a 20% local match
14 from local public or private resources for the funds received under
15 this section. Not more than 1/2 of this matching requirement, up to
16 a total of 10% of the total project budget, may be satisfied
17 through in-kind services provided by participating providers of
18 programs or services. In addition, not more than 10% of the grant
19 may be used for program administration.

20 (4) Each intermediate district receiving a grant under this
21 section shall agree to include a data collection system approved by
22 the department. The data collection system shall provide a report
23 by October 15 of each year on the number of children in families
24 with income below 200% of the federal poverty level that received
25 services under this program and the total number of children who
26 received services under this program.

27 (5) The department or superintendent, as applicable, shall do

1 all of the following:

2 (a) The superintendent shall approve or disapprove the plans
3 and notify the intermediate district of that decision not later
4 than November 15, ~~2004~~ 2005. The amount allocated by each
5 intermediate district shall be at least an amount equal to 3.5% of
6 the intermediate district's 2002-2003 payment under section 81.

7 (b) The department shall ensure that all programs funded under
8 this section utilize the most current validated research-based
9 methods and curriculum for providing the program components
10 described in subsection (2).

11 (c) The department shall submit a report to the state budget
12 director and the senate and house fiscal agencies summarizing the
13 data collection reports described in subsection (4) by December 1
14 of each year.

15 (6) An intermediate district receiving funds under this
16 section shall use the funds only for the program funded under this
17 section. An intermediate district receiving funds under this
18 section may carry over any unexpended funds received under this
19 section to subsequent fiscal years and may expend those unused
20 funds in subsequent fiscal years.

21 **SEC. 32/. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN**
22 **SECTION 11, THERE IS ALLOCATED FOR 2005-2006 AN AMOUNT NOT TO**
23 **EXCEED \$12,250,000.00 FOR COMPETITIVE SCHOOL READINESS PROGRAM**
24 **GRANTS. THESE GRANTS SHALL BE MADE AVAILABLE THROUGH A COMPETITIVE**
25 **APPLICATION PROCESS AS FOLLOWS:**

26 (A) ANY PUBLIC OR PRIVATE NONPROFIT LEGAL ENTITY OR AGENCY MAY
27 APPLY FOR A GRANT UNDER THIS SECTION. HOWEVER, A DISTRICT OR

1 INTERMEDIATE DISTRICT MAY NOT APPLY FOR A GRANT UNDER THIS SECTION
2 UNLESS THE DISTRICT OR INTERMEDIATE DISTRICT IS ACTING AS A FISCAL
3 AGENT FOR A CHILD CARING ORGANIZATION REGULATED UNDER 1973 PA 116,
4 MCL 722.111 TO 722.128.

5 (B) AN APPLICANT SHALL SUBMIT AN APPLICATION IN THE FORM AND
6 MANNER PRESCRIBED BY THE DEPARTMENT.

7 (C) THE DEPARTMENT SHALL ESTABLISH A DIVERSE INTERAGENCY
8 COMMITTEE TO REVIEW THE APPLICATIONS. THE COMMITTEE SHALL BE
9 COMPOSED OF REPRESENTATIVES OF THE DEPARTMENT, APPROPRIATE
10 COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE AGENCIES AND
11 ORGANIZATIONS, AND PARENTS.

12 (D) THE SUPERINTENDENT SHALL AWARD THE GRANTS AND SHALL GIVE
13 PRIORITY FOR AWARDING THE GRANTS BASED UPON THE FOLLOWING CRITERIA:

14 (i) COMPLIANCE WITH STANDARDS FOR EARLY CHILDHOOD DEVELOPMENT
15 CONSISTENT WITH PROGRAMS FOR 4-YEAR-OLDS, AS APPROVED BY THE STATE
16 BOARD.

17 (ii) ACTIVE AND CONTINUOUS INVOLVEMENT OF THE PARENTS OR
18 GUARDIANS OF THE CHILDREN PARTICIPATING IN THE PROGRAM.

19 (iii) EMPLOYMENT OF TEACHERS POSSESSING PROPER TRAINING IN EARLY
20 CHILDHOOD DEVELOPMENT, INCLUDING AN EARLY CHILDHOOD (ZA)
21 ENDORSEMENT OR CHILD DEVELOPMENT ASSOCIATE, AND TRAINED SUPPORT
22 STAFF.

23 (iv) EVIDENCE OF COLLABORATION WITH THE COMMUNITY OF PROVIDERS
24 IN EARLY CHILDHOOD DEVELOPMENT PROGRAMS INCLUDING DOCUMENTATION OF
25 THE TOTAL NUMBER OF CHILDREN IN THE COMMUNITY WHO WOULD MEET THE
26 CRITERIA ESTABLISHED IN SUBPARAGRAPH (vi), AND WHO ARE BEING SERVED
27 BY OTHER PROVIDERS, AND THE NUMBER OF CHILDREN WHO WILL REMAIN

1 UNSERVED BY OTHER COMMUNITY EARLY CHILDHOOD PROGRAMS IF THIS
2 PROGRAM IS FUNDED.

3 (v) THE EXTENT TO WHICH THESE FUNDS WILL SUPPLEMENT OTHER
4 FEDERAL, STATE, LOCAL, OR PRIVATE FUNDS.

5 (vi) THE EXTENT TO WHICH THESE FUNDS WILL BE TARGETED TO
6 CHILDREN WHO WILL BE AT LEAST 4, BUT LESS THAN 5, YEARS OF AGE AS
7 OF DECEMBER 1 OF THE YEAR IN WHICH THE PROGRAMS ARE OFFERED AND WHO
8 SHOW EVIDENCE OF 2 OR MORE "AT-RISK" FACTORS AS DEFINED IN THE
9 STATE BOARD REPORT ENTITLED "CHILDREN AT RISK" THAT WAS ADOPTED BY
10 THE STATE BOARD ON APRIL 5, 1988.

11 (vii) THE PROGRAM OFFERS SUPPLEMENTARY DAY CARE AND THEREBY
12 OFFERS FULL-DAY PROGRAMS AS PART OF ITS EARLY CHILDHOOD DEVELOPMENT
13 PROGRAM.

14 (viii) THE APPLICATION CONTAINS A COMPREHENSIVE EVALUATION PLAN
15 THAT INCLUDES IMPLEMENTATION OF ALL PROGRAM COMPONENTS REQUIRED AND
16 AN ASSESSMENT OF THE GAINS OF CHILDREN PARTICIPATING IN AN EARLY
17 CHILDHOOD DEVELOPMENT PROGRAM.

18 (E) AN APPLICATION SHALL DEMONSTRATE THAT THE PROGRAM HAS
19 ESTABLISHED A SCHOOL READINESS ADVISORY COMMITTEE THAT IS INVOLVED
20 IN THE PLANNING AND EVALUATION OF THE PROGRAM AND THAT PROVIDES FOR
21 THE INVOLVEMENT OF PARENTS AND APPROPRIATE COMMUNITY, VOLUNTEER,
22 AND SOCIAL SERVICE AGENCIES AND ORGANIZATIONS. THE ADVISORY
23 COMMITTEE SHALL INCLUDE AT LEAST 1 PARENT OR GUARDIAN
24 OF A PROGRAM PARTICIPANT FOR EVERY 18 CHILDREN ENROLLED IN THE
25 PROGRAM, WITH A MINIMUM OF 2 PARENT OR GUARDIAN REPRESENTATIVES.
26 THE ADVISORY COMMITTEE SHALL DO ALL OF THE FOLLOWING:

27 (i) REVIEW THE MECHANISMS AND CRITERIA USED TO DETERMINE

1 REFERRALS FOR PARTICIPATION IN THE SCHOOL READINESS PROGRAM.

2 (ii) REVIEW THE HEALTH SCREENING PROGRAM FOR ALL PARTICIPANTS.

3 (iii) REVIEW THE NUTRITIONAL SERVICES PROVIDED TO ALL
4 PARTICIPANTS.

5 (iv) REVIEW THE MECHANISMS IN PLACE FOR THE REFERRAL OF
6 FAMILIES TO COMMUNITY SOCIAL SERVICE AGENCIES, AS APPROPRIATE.

7 (v) REVIEW THE COLLABORATION WITH AND THE INVOLVEMENT OF
8 APPROPRIATE COMMUNITY, VOLUNTEER, AND SOCIAL SERVICE AGENCIES AND
9 ORGANIZATIONS IN ADDRESSING ALL ASPECTS OF EDUCATION DISADVANTAGE.

10 (vi) REVIEW, EVALUATE, AND MAKE RECOMMENDATIONS FOR CHANGES IN
11 THE SCHOOL READINESS PROGRAM.

12 (2) TO BE ELIGIBLE FOR A GRANT UNDER THIS SECTION, A PROGRAM
13 SHALL DEMONSTRATE THAT MORE THAN 50% OF THE CHILDREN PARTICIPATING
14 IN THE PROGRAM LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS
15 LESS THAN OR EQUAL TO 250% OF THE FEDERAL POVERTY LEVEL.

16 (3) THE SUPERINTENDENT MAY AWARD GRANTS UNDER THIS SECTION AT
17 WHATEVER LEVEL THE SUPERINTENDENT DETERMINES APPROPRIATE. HOWEVER,
18 THE AMOUNT OF A GRANT UNDER THIS SECTION, WHEN COMBINED WITH OTHER
19 SOURCES OF STATE REVENUE FOR THIS PROGRAM, SHALL NOT EXCEED
20 \$3,300.00 PER PARTICIPATING CHILD OR THE COST OF THE PROGRAM,
21 WHICHEVER IS LESS.

22 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN
23 APPLICANT THAT RECEIVES A GRANT UNDER THIS SECTION FOR 2005-2006
24 SHALL ALSO RECEIVE PRIORITY FOR FUNDING UNDER THIS SECTION FOR
25 2006-2007 AND 2007-2008. HOWEVER, AFTER 3 FISCAL YEARS OF
26 CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH
27 NEW PROGRAMS AND OTHER PROGRAMS COMPLETING THEIR THIRD YEAR. ALL

1 GRANT AWARDS UNDER THIS SECTION ARE CONTINGENT ON THE AVAILABILITY
2 OF FUNDS AND DOCUMENTED EVIDENCE OF GRANTEE COMPLIANCE WITH
3 STANDARDS FOR EARLY CHILDHOOD DEVELOPMENT CONSISTENT WITH PROGRAMS
4 FOR 4-YEAR-OLDS, AS APPROVED BY THE STATE BOARD, AND WITH ALL
5 OPERATIONAL, FISCAL, ADMINISTRATIVE, AND OTHER PROGRAM
6 REQUIREMENTS.

7 Sec. 37. (1) A district is eligible for an allocation under
8 section 32d if the district meets all of the requirements in
9 subsections (2), (3), and (4).

10 (2) The district shall submit a preapplication, in a manner
11 and on forms prescribed by the department, by a date specified by
12 the department in the immediately preceding state fiscal year. The
13 preapplication shall include a comprehensive needs assessment and
14 community collaboration plan, and shall identify all of the
15 following:

16 (a) The estimated total number of children in the community
17 who meet the criteria of section 32d and how that calculation was
18 made.

19 (b) The estimated number of children in the community who meet
20 the criteria of section 32d and are being served by other early
21 childhood development programs operating in the community, and how
22 that calculation was made.

23 (c) The number of children the district will be able to serve
24 who meet the criteria of section 32d including a verification of
25 physical facility and staff resources capacity.

26 (d) The estimated number of children who meet the criteria of
27 section 32d who will remain unserved after the district and

community early childhood programs have met their funded enrollments. The school district shall maintain a waiting list of identified unserved eligible children who would be served when openings are available.

(3) The district shall submit a final application for approval, in a manner and on forms prescribed by the department, by a date specified by the department. The final application shall indicate all of the following that apply:

(a) The district complies with the state board approved ~~standards of quality and curriculum guidelines for early childhood programs for 4 year olds~~ **EARLY CHILDHOOD STANDARDS OF QUALITY FOR PREKINDERGARTEN.**

(b) The district provides for the active and continuous participation of parents or guardians of the children in the program, and describes the district's participation plan as part of the application.

(c) The district only employs for this program the following:

(i) Teachers possessing proper training. ~~Subject to subparagraph (ii), this includes, but is not limited to~~ **FOR PROGRAMS THE DISTRICT MANAGES ITSELF**, a valid teaching certificate and an early childhood (ZA) endorsement **ARE REQUIRED**. This provision does not apply to a district that subcontracts with an eligible child development program. In that situation a teacher must have a valid Michigan teaching certificate ~~and may have a child development associate credential (CDA) instead of an early childhood (ZA) endorsement~~ **WITH AN EARLY CHILDHOOD (ZA) ENDORSEMENT, A VALID MICHIGAN TEACHING CERTIFICATE WITH A CHILD DEVELOPMENT ASSOCIATE**

1 CREDENTIAL, OR A BACHELOR'S DEGREE IN CHILD DEVELOPMENT WITH
2 SPECIALIZATION IN PRESCHOOL TEACHING.

3 ~~—— (ii) If a district determines that it is unable to fully comply~~
4 ~~with subparagraph (i) after making reasonable efforts to comply,~~
5 ~~teachers who have proper training in early childhood development~~
6 ~~equivalent to 4 years of formal training in early~~
7 ~~childhood/preschool education or child development. This may~~
8 ~~include 1 or more of the following:~~

9 ~~—— (A) A valid Michigan teaching certificate with an early~~
10 ~~childhood (ZA) endorsement or a child development associate~~
11 ~~credential (CDA).~~

12 ~~—— (B) A bachelor's degree in child care or child development.~~

13 ~~—— (C) A child development associate credential (CDA) combined~~
14 ~~with an associate of arts (AA) degree in early childhood/preschool~~
15 ~~education or child development.~~

16 (ii) ~~—(iii)—~~ Paraprofessionals possessing proper training in
17 early childhood development, ~~or who have completed at least 1~~
18 ~~course in an appropriate training program, including, but not~~
19 ~~limited to, a child development associate credential (CDA) or~~
20 ~~associate degree in child development or other similar program, as~~
21 ~~approved by the department~~ INCLUDING AN ASSOCIATE'S DEGREE IN
22 EARLY CHILDHOOD EDUCATION OR CHILD DEVELOPMENT OR THE EQUIVALENT,
23 OR A CHILD DEVELOPMENT ASSOCIATE (CDA) CREDENTIAL, OR THE
24 EQUIVALENT AS APPROVED BY THE STATE BOARD. A PARAPROFESSIONAL WHO
25 DOES NOT MEET THESE REQUIREMENTS MAY BE EMPLOYED FOR NOT MORE THAN
26 2 YEARS WHILE OBTAINING PROPER CREDENTIALS IF HE OR SHE HAS
27 COMPLETED AT LEAST 1 COURSE IN AN APPROPRIATE TRAINING PROGRAM.

1 (d) The district has submitted for approval a program budget
2 that includes only those costs not reimbursed or reimbursable by
3 federal funding, that are clearly and directly attributable to the
4 early childhood readiness program, and that would not be incurred
5 if the program were not being offered. If children other than those
6 determined to be educationally disadvantaged participate in the
7 program, state reimbursement under section 32d shall be limited to
8 the portion of approved costs attributable to educationally
9 disadvantaged children.

10 (e) The district has established a, **OR HAS JOINED A**
11 **MULTIDISTRICT, MULTIAGENCY,** school readiness advisory committee
12 consisting of, at a minimum, classroom teachers for
13 prekindergarten, kindergarten, and first grade; parents or
14 guardians of program participants; representatives from appropriate
15 community agencies and organizations; the district curriculum
16 director or equivalent administrator; and, if feasible, a school
17 psychologist, school social worker, or school counselor. In
18 addition, there shall be on the committee at least 1 parent or
19 guardian of a program participant for every 18 children enrolled in
20 the program, with a minimum of 2 parent or guardian
21 representatives. The committee shall do all of the following:

22 (i) Ensure the ongoing articulation of the early childhood,
23 kindergarten, and first grade programs offered by the district **OR**
24 **DISTRICTS.**

25 (ii) Review the mechanisms and criteria used to determine
26 participation in the early childhood program.

27 (iii) Review the health screening program for all participants.

(iv) Review the nutritional services provided to program participants.

(v) Review the mechanisms in place for the referral of families to community social service agencies, as appropriate.

(vi) Review the collaboration with and the involvement of appropriate community, volunteer, and social service agencies and organizations in addressing all aspects of educational disadvantage.

(vii) Review, evaluate, and make recommendations to a local school readiness program or programs for changes to the school readiness program.

(f) The district has submitted for departmental approval a plan to conduct and report annual school readiness program evaluations **AND CONTINUOUS IMPROVEMENT PLANS** using criteria approved by the department. At a minimum, the evaluations shall include **A SELF-ASSESSMENT OF PROGRAM QUALITY AND** assessment of the gains in educational readiness and progress ~~through first grade~~ of **THE** children participating in the ~~school readiness~~ program.

(g) More than 50% of the children participating in the program ~~meet the income eligibility criteria for free or reduced price lunch, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769h, or meet the income and all other eligibility criteria for the family independence agency unified child day care program~~ **LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL.**

(4) A consortium of 2 or more districts shall be eligible for an allocation under section 32d if the districts designate a single

1 fiscal agent for the allocation. A district or intermediate
 2 district may administer a consortium described in this subsection.
 3 A consortium shall submit a single preapplication and application
 4 for the children to be served, regardless of the number of
 5 districts participating in the consortium.

6 (5) With the final application, an applicant district shall
 7 submit to the department a resolution adopted by its board
 8 certifying the number of 4-year-old children who show evidence of
 9 risk factors as described in section 32d who ~~meet the income~~
 10 ~~eligibility criteria for free or reduced price lunch or the income~~
 11 ~~and all other eligibility criteria for the family independence~~
 12 ~~agency unified child day care program, and who will participate in~~
 13 ~~a school readiness program funded under section 32d~~ **LIVE WITH**
 14 **FAMILIES WITH A HOUSEHOLD INCOME THAT IS LESS THAN OR EQUAL TO 250%**
 15 **OF THE FEDERAL POVERTY LEVEL.**

16 Sec. 39. (1) The tentative allocation for each fiscal year to
 17 each eligible district under section 32d shall be determined by
 18 multiplying the number of children determined in section 38 or the
 19 number of children the district indicates it will be able to serve
 20 under section 37(2)(c), whichever is less, by \$3,300.00 and shall
 21 be distributed among districts in decreasing order of concentration
 22 of eligible children as determined by section 38 until the money
 23 allocated in section 32d is distributed.

24 ~~—— (2) A district that has not less than 50 eligible children~~
 25 ~~shall receive priority over other eligible districts other than~~
 26 ~~those districts funded under subsection (3).~~

27 (2) ~~(3)~~ A district that received funds under this section in

1 at least 1 of the 2 immediately preceding fiscal years shall
2 receive priority in funding over other eligible districts. However,
3 funding beyond 3 state fiscal years is contingent upon the
4 availability of funds and documented evidence satisfactory to the
5 department of compliance with all operational, fiscal,
6 administrative, and other program requirements.

7 (3) ~~—(4)—~~ A district that offers supplementary day care funded
8 by funds other than those received under this section and therefore
9 offers full-day programs as part of its early childhood development
10 program shall receive priority in the allocation of funds under
11 this section over other eligible districts other than those
12 districts funded under subsection ~~—(3)—~~ (2). **IF THE DISTRICT IS A**
13 **SCHOOL DISTRICT OF THE FIRST CLASS THAT ENROLLS PUPILS IN A FULL-**
14 **DAY PROGRAM UNDER SECTION 32D, THE ALLOCATION TO THE DISTRICT FOR**
15 **EACH ELIGIBLE CHILD ENROLLED IN THE FULL-DAY PROGRAM SHALL BE AN**
16 **AMOUNT EQUAL TO 2 TIMES THE AMOUNT OTHERWISE ALLOCATED FOR AN**
17 **ELIGIBLE CHILD AND THE ALLOCATION TO THE DISTRICT FOR EACH ELIGIBLE**
18 **CHILD ENROLLED IN THE HALF-DAY PROGRAM SHALL BE AN AMOUNT EQUAL TO**
19 **THE AMOUNT OTHERWISE ALLOCATED FOR AN ELIGIBLE CHILD.**

20 (4) ~~—(5)—~~ For any district with 315 or more eligible pupils,
21 the number of eligible pupils shall be 65% of the number calculated
22 under section 38. However, none of these districts may have less
23 than 315 pupils for purposes of calculating the tentative
24 allocation under section 32d.

25 (5) ~~—(6)—~~ If, taking into account the total amount to be
26 allocated to the district as calculated under this section, a
27 district determines that it is able to include additional eligible

1 children in the school readiness program without additional funds
2 under this section, the district may include additional eligible
3 children but shall not receive additional funding under this
4 section for those children.

5 Sec. 39a. (1) From the federal funds appropriated in section
6 11, there is allocated for ~~2004-2005~~ **2005-2006** to districts,
7 intermediate districts, and other eligible entities all available
8 federal funding, estimated at ~~-\$637,809,700.00~~ **\$652,919,600.00**,
9 for the federal programs under the no child left behind act of
10 2001, Public Law 107-110. These funds are allocated as follows:

11 (a) An amount estimated at ~~-\$12,095,000.00~~ **\$12,050,500.00** to
12 provide students with drug- and violence-prevention programs and to
13 implement strategies to improve school safety, funded from DED-
14 OESE, drug-free schools and communities funds.

15 (b) An amount estimated at ~~-\$9,520,500.00~~ **\$9,401,400.00** for
16 the purpose of improving teaching and learning through a more
17 effective use of technology, funded from DED-OESE, educational
18 technology state grant funds.

19 (c) An amount estimated at ~~-\$105,565,700.00~~ **\$106,249,200.00**
20 for the purpose of preparing, training, and recruiting high-quality
21 teachers and class size reduction, funded from DED-OESE, improving
22 teacher quality funds.

23 (d) An amount estimated at ~~-\$5,713,700.00~~ **\$7,627,400.00** for
24 programs to teach English to limited English proficient (LEP)
25 children, funded from DED-OESE, language acquisition state grant
26 funds.

27 (e) An amount estimated at \$8,550,000.00 for the Michigan

1 charter school subgrant program, funded from DED-OESE, charter
2 school funds.

3 (f) An amount estimated at ~~-\$332,700.00~~ **\$58,000.00** for
4 Michigan model partnership for character education programs, funded
5 from DED-OESE, title X, fund for improvement of education funds.

6 (g) An amount estimated at ~~-\$469,900.00~~ **\$468,700.00** for rural
7 and low income schools, funded from DED-OESE, rural and low income
8 school funds.

9 (h) An amount estimated at ~~-\$9,563,000.00~~ **\$6,231,800.00** to
10 help schools develop and implement comprehensive school reform
11 programs, funded from DED-OESE, title I and title X, comprehensive
12 school reform funds.

13 (i) An amount estimated at ~~-\$411,090,000.00~~ **\$428,860,300.00**
14 to provide supplemental programs to enable educationally
15 disadvantaged children to meet challenging academic standards,
16 funded from DED-OESE, title I, disadvantaged children funds.

17 (j) An amount estimated at ~~-\$6,622,900.00~~ **\$6,314,100.00** for
18 the purpose of providing unified family literacy programs, funded
19 from DED-OESE, title I, even start funds.

20 (k) An amount estimated at ~~-\$8,175,200.00~~ **\$8,186,200.00** for
21 the purpose of identifying and serving migrant children, funded
22 from DED-OESE, title I, migrant education funds.

23 (l) An amount estimated at ~~-\$21,936,600.00~~ **\$22,928,000.00** to
24 promote high-quality school reading instruction for grades K-3,
25 funded from DED-OESE, title I, reading first state grant funds.

26 (m) An amount estimated at ~~-\$8,582,300.00~~ **\$5,698,000.00** for
27 the purpose of implementing innovative strategies for improving

1 student achievement, funded from DED-OESE, title VI, innovative
2 strategies funds.

3 (n) An amount estimated at ~~-\$29,592,200.00~~ **\$29,296,000.00** for
4 the purpose of providing high-quality extended learning
5 opportunities, after school and during the summer, for children in
6 low-performing schools, funded from DED-OESE, twenty-first century
7 community learning center funds. Of these funds, \$25,000.00 may be
8 used to support the Michigan after-school partnership. All of the
9 following apply to the Michigan after-school partnership:

10 (i) The department shall collaborate with the ~~Michigan family~~
11 ~~independence agency~~ **DEPARTMENT OF HUMAN SERVICES AND THE**
12 **DEPARTMENT OF COMMUNITY HEALTH** to extend the duration of the
13 ~~Michigan after-school initiative, to be renamed the~~ Michigan
14 after-school partnership and oversee its efforts to implement the
15 policy recommendations and strategic next steps identified in the
16 Michigan after-school initiative's report of December 15, 2003.

17 (ii) Funds shall be used to leverage other private and public
18 funding to engage the public and private sectors in building and
19 sustaining high-quality out-of-school-time programs and resources.
20 The co-chairs, representing the department and the ~~Michigan family~~
21 ~~independence agency~~ **DEPARTMENT OF HUMAN SERVICES AND THE**
22 **DEPARTMENT OF COMMUNITY HEALTH**, shall name a fiduciary agent and
23 may authorize the fiduciary to expend funds and hire people to
24 accomplish the work of the Michigan after-school partnership.

25 (iii) Participation in the Michigan after-school partnership
26 shall be expanded beyond the membership of the initial Michigan
27 after-school initiative to increase the representation of parents,

1 youth, foundations, employers, and others with experience in
 2 education, child care, after-school and youth development services,
 3 and crime and violence prevention, and to include representation
 4 from the ~~Michigan~~ department of community health. Each year, on
 5 or before December 31, the Michigan after-school partnership shall
 6 report its progress in reaching the recommendations set forth in
 7 the Michigan after-school initiative's report to the legislature
 8 and the governor.

9 **(O) AN AMOUNT ESTIMATED AT \$1,000,000.00 FOR COMMUNITY SERVICE**
 10 **STATE GRANTS, FUNDED FROM DED-OESE, COMMUNITY SERVICE STATE GRANT**
 11 **FUNDS.**

12 (2) From the federal funds appropriated in section 11, there
 13 is allocated for ~~2004-2005~~ **2005-2006** to districts, intermediate
 14 districts, and other eligible entities all available federal
 15 funding, estimated at ~~\$5,427,500.00~~ **\$4,646,400.00**, for the
 16 following programs that are funded by federal grants:

17 (a) An amount estimated at \$600,000.00 for acquired
 18 immunodeficiency syndrome education grants, funded from HHS-center
 19 for disease control, AIDS funding.

20 ~~—— (b) An amount estimated at \$953,500.00 for emergency services~~
 21 ~~to immigrants, funded from DED-OBEMLA, emergency immigrant~~
 22 ~~education assistance funds.~~

23 **(B) —(e)—** An amount estimated at ~~\$1,428,400.00~~ **\$1,500,000.00**
 24 to provide services to homeless children and youth, funded from
 25 DED-OVAE, homeless children and youth funds.

26 **(C) —(d)—** An amount estimated at \$1,000,000.00 for refugee
 27 children school impact grants, funded from HHS-ACF, refugee

1 children school impact funds.

2 (D) ~~—(e)—~~ An amount estimated at \$1,445,600.00 for serve
3 America grants, funded from the corporation for national and
4 community service funds.

5 (E) AN AMOUNT ESTIMATED AT \$100,700.00 TO ENCOURAGE INTERSTATE
6 AND INTRASTATE COORDINATION OF MIGRANT EDUCATION, FUNDED FROM DED-
7 OESE, TITLE I, MIGRANT EDUCATION PROGRAM FUNDS.

8 (3) FROM THE FEDERAL FUNDS ALLOCATED IN SUBSECTION (1)(C),
9 (H), (I), (M), OR (N), THE DEPARTMENT SHALL ALLOCATE AN AMOUNT NOT
10 TO EXCEED \$1,600,000.00 FOR 2005-2006 TO PROVIDE A WEB-BASED
11 PRACTICE ASSESSMENT AND CLASSROOM REMEDIATION PROGRAM THAT INCLUDES
12 READING, MATHEMATICS, SOCIAL SCIENCE, AND SCIENCE FOR PUPILS IN
13 GRADE 3 AND IN GRADE 7. TO BE ELIGIBLE FOR FUNDING UNDER THIS
14 SECTION, THE PROGRAM MUST MEET ALL OF THE FOLLOWING:

15 (A) HAVE THE ABILITY TO REGISTER STUDENTS ONLINE.

16 (B) BE ACCESSIBLE ON THE INTERNET.

17 (C) PROVIDE TEST RESULTS IMMEDIATELY UPON COMPLETION OF THE
18 TEST.

19 (D) PROVIDE REMEDIAL SERVICES BY LINKING TO TEXTBOOKS IN THE
20 CLASSROOM.

21 (E) PROVIDE RESULTS THAT ARE REPORTED TO THE DISTRICT
22 SUPERINTENDENT, THE SCHOOL PRINCIPAL, AND THIS STATE AND THAT ARE
23 TRACKED BY STUDENT, CLASSROOM, SCHOOL, AND DISTRICT.

24 (4) ~~—(3)—~~ All federal funds allocated under this section shall
25 be distributed in accordance with federal law and with flexibility
26 provisions outlined in Public Law 107-116, and in the education
27 flexibility partnership act of 1999, Public Law 106-25.

1 Notwithstanding section 17b, payments of federal funds to
 2 districts, intermediate districts, and other eligible entities
 3 under this section shall be paid on a schedule determined by the
 4 department.

5 (5) ~~—(4)—~~ As used in this section:

6 (a) "DED" means the United States department of education.

7 ~~—(b) "DED-OBEMLA" means the DED office of bilingual education~~
 8 ~~and minority languages affairs.~~

9 (B) ~~—(e)—~~ "DED-OESE" means the DED office of elementary and
 10 secondary education.

11 (C) ~~—(d)—~~ "DED-OVAE" means the DED office of vocational and
 12 adult education.

13 (D) ~~—(e)—~~ "HHS" means the United States department of health
 14 and human services.

15 (E) ~~—(f)—~~ "HHS-ACF" means the HHS administration for children
 16 and families.

17 Sec. 41. From the appropriation in section 11, there is
 18 allocated an amount not to exceed \$2,800,000.00 for ~~—2004-2005~~
 19 **2005-2006** to applicant districts and intermediate districts
 20 offering programs of instruction for pupils of limited English-
 21 speaking ability under section 1153 of the revised school code, MCL
 22 380.1153. Reimbursement shall be on a per pupil basis and shall be
 23 based on the number of pupils of limited English-speaking ability
 24 in membership on the pupil membership count day. Funds allocated
 25 under this section shall be used solely for instruction in
 26 speaking, reading, writing, or comprehension of English. A pupil
 27 shall not be counted under this section or instructed in a program

1 under this section for more than 3 years.

2 Sec. 41a. From the federal funds appropriated in section 11,
3 there is allocated an amount estimated at \$1,232,100.00 for ~~2004-~~
4 ~~2005-~~ **2005-2006** from the United States department of education -
5 office of elementary and secondary education, language acquisition
6 state grant funds, to districts and intermediate districts offering
7 programs of instruction for pupils of limited English-speaking
8 ability.

9 Sec. 51a. (1) From the appropriation in section 11, there is
10 allocated for 2004-2005 an amount not to exceed ~~\$905,683,000.00~~
11 **\$896,383,000.00** from state sources and all available federal
12 funding under sections 611 to 619 of part B of the individuals with
13 disabilities education act, 20 USC 1411 to 1419, estimated at
14 \$329,850,000.00 plus any carryover federal funds from previous year
15 appropriations. **FROM THE APPROPRIATION IN SECTION 11, THERE IS**
16 **ALLOCATED FOR 2005-2006 AN AMOUNT NOT TO EXCEED \$955,883,000.00**
17 **FROM STATE SOURCES AND ALL AVAILABLE FEDERAL FUNDING UNDER SECTIONS**
18 **611 TO 619 OF PART B OF THE INDIVIDUALS WITH DISABILITIES EDUCATION**
19 **ACT, 20 USC 1411 TO 1419, ESTIMATED AT \$345,850,000.00, PLUS ANY**
20 **CARRYOVER FEDERAL FUNDS FROM PREVIOUS YEAR APPROPRIATIONS.** The
21 allocations under this subsection are for the purpose of
22 reimbursing districts and intermediate districts for special
23 education programs, services, and special education personnel as
24 prescribed in article 3 of the revised school code, MCL 380.1701 to
25 380.1766; net tuition payments made by intermediate districts to
26 the Michigan schools for the deaf and blind; and special education
27 programs and services for pupils who are eligible for special

1 education programs and services according to statute or rule. For
2 meeting the costs of special education programs and services not
3 reimbursed under this article, a district or intermediate district
4 may use money in general funds or special education funds, not
5 otherwise restricted, or contributions from districts to
6 intermediate districts, tuition payments, gifts and contributions
7 from individuals, or federal funds that may be available for this
8 purpose, as determined by the intermediate district plan prepared
9 pursuant to article 3 of the revised school code, MCL 380.1701 to
10 380.1766. All federal funds allocated under this section in excess
11 of those allocated under this section for 2002-2003 may be
12 distributed in accordance with the flexible funding provisions of
13 the individuals with disabilities education act, title VI of Public
14 Law 91-230, including, but not limited to, 34 CFR 300.234 and
15 300.235. Notwithstanding section 17b, payments of federal funds to
16 districts, intermediate districts, and other eligible entities
17 under this section shall be paid on a schedule determined by the
18 department.

19 (2) From the funds allocated under subsection (1), there is
20 allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the
21 amount necessary, estimated at ~~-\$168,900,000.00~~ **\$175,500,000.00**
22 for ~~2003-2004~~ **2004-2005 AND \$187,700,000.00 FOR 2005-2006**, for
23 payments toward reimbursing districts and intermediate districts
24 for 28.6138% of total approved costs of special education,
25 excluding costs reimbursed under section 53a, and 70.4165% of total
26 approved costs of special education transportation. Allocations
27 under this subsection shall be made as follows:

1 (a) The initial amount allocated to a district under this
2 subsection toward fulfilling the specified percentages shall be
3 calculated by multiplying the district's special education pupil
4 membership, excluding pupils described in subsection (12), times
5 the sum of the foundation allowance under section 20 of the pupil's
6 district of residence plus the amount of the district's per pupil
7 allocation under section 20j(2), not to exceed \$6,500.00 adjusted
8 by the dollar amount of the difference between the basic foundation
9 allowance under section 20 for the current fiscal year and
10 \$5,000.00 minus \$200.00, or, for a special education pupil in
11 membership in a district that is a public school academy or
12 university school, times an amount equal to the amount per
13 membership pupil calculated under section 20(6). For an
14 intermediate district, the amount allocated under this subdivision
15 toward fulfilling the specified percentages shall be an amount per
16 special education membership pupil, excluding pupils described in
17 subsection (12), and shall be calculated in the same manner as for
18 a district, using the foundation allowance under section 20 of the
19 pupil's district of residence, not to exceed \$6,500.00 adjusted by
20 the dollar amount of the difference between the basic foundation
21 allowance under section 20 for the current fiscal year and
22 \$5,000.00 minus \$200.00, and that district's per pupil allocation
23 under section 20j(2).

24 (b) After the allocations under subdivision (a), districts and
25 intermediate districts for which the payments under subdivision (a)
26 do not fulfill the specified percentages shall be paid the amount
27 necessary to achieve the specified percentages for the district or

1 intermediate district.

2 (3) From the funds allocated under subsection (1), there is
3 allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the
4 amount necessary, estimated at ~~-\$2,400,000.00-~~ **\$3,000,000.00 FOR**
5 **2004-2005 AND \$2,500,000.00 FOR 2005-2006**, to make payments to
6 districts and intermediate districts under this subsection. If the
7 amount allocated to a district or intermediate district for a
8 fiscal year under subsection (2)(b) is less than the sum of the
9 amounts allocated to the district or intermediate district for
10 1996-97 under sections 52 and 58, there is allocated to the
11 district or intermediate district for the fiscal year an amount
12 equal to that difference, adjusted by applying the same proration
13 factor that was used in the distribution of funds under section 52
14 in 1996-97 as adjusted to the district's or intermediate district's
15 necessary costs of special education used in calculations for the
16 fiscal year. This adjustment is to reflect reductions in special
17 education program operations **OR SERVICES** between 1996-97 and
18 subsequent fiscal years. Adjustments for reductions in special
19 education program operations **OR SERVICES** shall be made in a manner
20 determined by the department and shall include adjustments for
21 program **OR SERVICE** shifts.

22 (4) If the department determines that the sum of the amounts
23 allocated for a fiscal year to a district or intermediate district
24 under subsection (2)(a) and (b) is not sufficient to fulfill the
25 specified percentages in subsection (2), then the shortfall shall
26 be paid to the district or intermediate district during the fiscal
27 year beginning on the October 1 following the determination and

1 payments under subsection (3) shall be adjusted as necessary. If
2 the department determines that the sum of the amounts allocated for
3 a fiscal year to a district or intermediate district under
4 subsection (2)(a) and (b) exceeds the sum of the amount necessary
5 to fulfill the specified percentages in subsection (2), then the
6 department shall deduct the amount of the excess from the
7 district's or intermediate district's payments under this act for
8 the fiscal year beginning on the October 1 following the
9 determination and payments under subsection (3) shall be adjusted
10 as necessary. However, if the amount allocated under subsection
11 (2)(a) in itself exceeds the amount necessary to fulfill the
12 specified percentages in subsection (2), there shall be no
13 deduction under this subsection.

14 (5) State funds shall be allocated on a total approved cost
15 basis. Federal funds shall be allocated under applicable federal
16 requirements, except that an amount not to exceed \$3,500,000.00 may
17 be allocated by the department **EACH FISCAL YEAR** for 2004-2005 **AND**
18 **FOR 2005-2006** to districts, ~~or~~ intermediate districts, **OR OTHER**
19 **ELIGIBLE ENTITIES** on a competitive grant basis for programs,
20 equipment, and services that the department determines to be
21 designed to benefit or improve special education on a statewide
22 scale.

23 (6) From the amount allocated in subsection (1), there is
24 allocated an amount not to exceed \$2,200,000.00 **EACH FISCAL YEAR**
25 for 2004-2005 **AND FOR 2005-2006** to reimburse 100% of the net
26 increase in necessary costs incurred by a district or intermediate
27 district in implementing the revisions in the administrative rules

1 for special education that became effective on July 1, 1987. As
2 used in this subsection, "net increase in necessary costs" means
3 the necessary additional costs incurred solely because of new or
4 revised requirements in the administrative rules minus cost savings
5 permitted in implementing the revised rules. Net increase in
6 necessary costs shall be determined in a manner specified by the
7 department.

8 (7) For purposes of this article, all of the following apply:

9 (a) "Total approved costs of special education" shall be
10 determined in a manner specified by the department and may include
11 indirect costs, but shall not exceed 115% of approved direct costs
12 for section 52 and section 53a programs. The total approved costs
13 include salary and other compensation for all approved special
14 education personnel for the program, including payments for social
15 security and medicare and public school employee retirement system
16 contributions. The total approved costs do not include salaries or
17 other compensation paid to administrative personnel who are not
18 special education personnel as defined in section 6 of the revised
19 school code, MCL 380.6. Costs reimbursed by federal funds, other
20 than those federal funds included in the allocation made under this
21 article, are not included. Special education approved personnel not
22 utilized full time in the evaluation of students or in the delivery
23 of special education programs, ancillary, and other related
24 services shall be reimbursed under this section only for that
25 portion of time actually spent providing these programs and
26 services, with the exception of special education programs and
27 services provided to youth placed in child caring institutions or

1 juvenile detention programs approved by the department to provide
2 an on-grounds education program. ~~Total approved costs of special~~
3 ~~education do not include the costs of a joint shared employment~~
4 ~~arrangement between an intermediate district and 1 or more of its~~
5 ~~constituent districts that took effect in the 2004-2005 or a~~
6 ~~subsequent school year. The costs associated with the joint shared~~
7 ~~employment arrangement shall instead be allocated entirely to the~~
8 ~~constituent district or districts. In addition, if an intermediate~~
9 ~~district entered into such a joint shared employment arrangement~~
10 ~~that took effect in the 2004-2005 or a subsequent school year and~~
11 ~~subsequently becomes the sole employer of an employee who had been~~
12 ~~subject to the joint shared employment arrangement, total approved~~
13 ~~costs of special education do not include the costs of employing~~
14 ~~that employee unless the department determines that employing the~~
15 ~~employee has resulted in a significant cost savings or an increase~~
16 ~~in efficiency that is sufficient to justify the arrangement.~~

17 (B) BEGINNING WITH THE 2003-2004 FISCAL YEAR, A DISTRICT OR
18 INTERMEDIATE DISTRICT THAT EMPLOYED SPECIAL EDUCATION STAFF TO
19 PROVIDE SPECIAL EDUCATION SERVICES OR PROGRAMS IN 2003-2004 OR IN A
20 SUBSEQUENT FISCAL YEAR AND THAT IN A SUBSEQUENT FISCAL YEAR
21 RECEIVES THE SAME TYPE OF SERVICES OR PROGRAMS FROM ANOTHER
22 DISTRICT OR INTERMEDIATE DISTRICT SHALL REPORT THE COST OF THOSE
23 SERVICES OR PROGRAMS FOR SPECIAL EDUCATION REIMBURSEMENT PURPOSES
24 UNDER THIS ACT IF THE SPECIAL EDUCATION PUPILS RECEIVING THE
25 SERVICES OR PROGRAMS ARE COUNTED IN MEMBERSHIP IN THAT DISTRICT OR
26 INTERMEDIATE DISTRICT. IF THOSE PUPILS ARE NOT COUNTED IN
27 MEMBERSHIP IN THE DISTRICT OR INTERMEDIATE DISTRICT RECEIVING THE

1 SERVICES OR PROGRAMS DESCRIBED IN THIS SUBDIVISION, THEN THE
2 DISTRICT OR INTERMEDIATE DISTRICT PROVIDING THE SERVICES OR
3 PROGRAMS AND IN WHICH THE PUPILS ARE COUNTED IN MEMBERSHIP SHALL
4 REPORT THE COST OF THOSE SERVICES OR PROGRAMS FOR SPECIAL EDUCATION
5 REIMBURSEMENT PURPOSES UNDER THIS ACT.

6 (C) ~~—(b)—~~ Reimbursement for ancillary and other related
7 services, as defined by R 340.1701c of the Michigan administrative
8 code, shall not be provided when those services are covered by and
9 available through private group health insurance carriers or
10 federal reimbursed program sources unless the department and
11 district or intermediate district agree otherwise and that
12 agreement is approved by the state budget director. Expenses, other
13 than the incidental expense of filing, shall not be borne by the
14 parent. In addition, the filing of claims shall not delay the
15 education of a pupil. A district or intermediate district shall be
16 responsible for payment of a deductible amount and for an advance
17 payment required until the time a claim is paid.

18 (8) From the allocation in subsection (1), there is allocated
19 **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** an amount not to
20 exceed \$15,313,900.00 to intermediate districts. The payment under
21 this subsection to each intermediate district shall be equal to the
22 amount of the 1996-97 allocation to the intermediate district under
23 subsection (6) of this section as in effect for 1996-97.

24 (9) A pupil who is enrolled in a full-time special education
25 program conducted or administered by an intermediate district or a
26 pupil who is enrolled in the Michigan schools for the deaf and
27 blind shall not be included in the membership count of a district,

1 but shall be counted in membership in the intermediate district of
2 residence.

3 (10) Special education personnel transferred from 1 district
4 to another to implement the revised school code shall be entitled
5 to the rights, benefits, and tenure to which the person would
6 otherwise be entitled had that person been employed by the
7 receiving district originally.

8 (11) If a district or intermediate district uses money
9 received under this section for a purpose other than the purpose or
10 purposes for which the money is allocated, the department may
11 require the district or intermediate district to refund the amount
12 of money received. Money that is refunded shall be deposited in the
13 state treasury to the credit of the state school aid fund.

14 (12) From the funds allocated in subsection (1), there is
15 allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the
16 amount necessary, estimated at ~~-\$6,100,000.00~~ **\$7,000,000.00 FOR**
17 **2004-2005 AND \$6,600,000.00 FOR 2005-2006**, to pay the foundation
18 allowances for pupils described in this subsection. The allocation
19 to a district under this subsection shall be calculated by
20 multiplying the number of pupils described in this subsection who
21 are counted in membership in the district times the sum of the
22 foundation allowance under section 20 of the pupil's district of
23 residence plus the amount of the district's per pupil allocation
24 under section 20j(2), not to exceed \$6,500.00 adjusted by the
25 dollar amount of the difference between the basic foundation
26 allowance under section 20 for the current fiscal year and
27 \$5,000.00 minus \$200.00, or, for a pupil described in this

1 subsection who is counted in membership in a district that is a
2 public school academy or university school, times an amount equal
3 to the amount per membership pupil under section 20(6). The
4 allocation to an intermediate district under this subsection shall
5 be calculated in the same manner as for a district, using the
6 foundation allowance under section 20 of the pupil's district of
7 residence, not to exceed \$6,500.00 adjusted by the dollar amount of
8 the difference between the basic foundation allowance under section
9 20 for the current fiscal year and \$5,000.00 minus \$200.00, and
10 that district's per pupil allocation under section 20j(2). This
11 subsection applies to all of the following pupils:

12 (a) Pupils described in section 53a.

13 (b) Pupils counted in membership in an intermediate district
14 who are not special education pupils and are served by the
15 intermediate district in a juvenile detention or child caring
16 facility.

17 (c) Emotionally impaired pupils counted in membership by an
18 intermediate district and provided educational services by the
19 department of community health.

20 (13) After payments under subsections (2) and (12) and section
21 51c, the remaining expenditures from the allocation in subsection
22 (1) shall be made in the following order:

23 (a) 100% of the reimbursement required under section 53a.

24 (b) 100% of the reimbursement required under subsection (6).

25 (c) 100% of the payment required under section 54.

26 (d) 100% of the payment required under subsection (3).

27 (e) 100% of the payment required under subsection (8).

1 (f) 100% of the payments under section 56.

2 (14) The allocations under subsection (2), subsection (3), and
3 subsection (12) shall be allocations to intermediate districts only
4 and shall not be allocations to districts, but instead shall be
5 calculations used only to determine the state payments under
6 section 22b.

7 Sec. 51c. As required by the court in the consolidated cases
8 known as Durant v State of Michigan, Michigan supreme court docket
9 no. 104458-104492, from the allocation under section 51a(1), there
10 is allocated **EACH FISCAL YEAR** for 2004-2005 **AND FOR 2005-2006** the
11 amount necessary, estimated at ~~-\$659,400,000.00~~ **\$642,000,000.00**
12 **FOR 2004-2005 AND \$690,200,000.00 FOR 2005-2006**, for payments to
13 reimburse districts for 28.6138% of total approved costs of special
14 education excluding costs reimbursed under section 53a, and
15 70.4165% of total approved costs of special education
16 transportation. Funds allocated under this section that are not
17 expended in the state fiscal year for which they were allocated, as
18 determined by the department, may be used to supplement the
19 allocations under sections 22a and 22b in order to fully fund those
20 calculated allocations for the same fiscal year.

21 Sec. 51d. (1) From the federal funds appropriated in section
22 11, there is allocated for ~~2004-2005~~ **2005-2006** all available
23 federal funding, estimated at \$65,000,000.00, for special education
24 programs that are funded by federal grants. All federal funds
25 allocated under this section shall be distributed in accordance
26 with federal law. Notwithstanding section 17b, payments of federal
27 funds to districts, intermediate districts, and other eligible

1 entities under this section shall be paid on a schedule determined
2 by the department.

3 (2) From the federal funds allocated under subsection (1), the
4 following amounts are allocated for ~~2004-2005~~ **2005-2006**:

5 (a) An amount estimated at \$15,000,000.00 for handicapped
6 infants and toddlers, funded from DED-OSERS, handicapped infants
7 and toddlers funds.

8 (b) An amount estimated at \$14,000,000.00 for preschool grants
9 (Public Law 94-142), funded from DED-OSERS, handicapped preschool
10 incentive funds.

11 (c) An amount estimated at \$36,000,000.00 for special
12 education programs funded by DED-OSERS, handicapped program,
13 individuals with disabilities act funds.

14 (3) As used in this section, "DED-OSERS" means the United
15 States department of education office of special education and
16 rehabilitative services.

17 Sec. 53a. (1) For districts, reimbursement for pupils
18 described in subsection (2) shall be 100% of the total approved
19 costs of operating special education programs and services approved
20 by the department and included in the intermediate district plan
21 adopted pursuant to article 3 of the revised school code, MCL
22 380.1701 to 380.1766, minus the district's foundation allowance
23 calculated under section 20, and minus the amount calculated for
24 the district under section 20j. For intermediate districts,
25 reimbursement for pupils described in section (2) shall be
26 calculated in the same manner as for a district, using the
27 foundation allowance under section 20 of the pupil's district of

1 residence, not to exceed \$6,500.00 adjusted by the dollar amount of
2 the difference between the basic foundation allowance under section
3 20 for the current fiscal year and \$5,000.00, minus \$200.00, and
4 under section 20j.

5 (2) Reimbursement under subsection (1) is for the following
6 special education pupils:

7 (a) Pupils assigned to a district or intermediate district
8 through the community placement program of the courts or a state
9 agency, if the pupil was a resident of another intermediate
10 district at the time the pupil came under the jurisdiction of the
11 court or a state agency.

12 (b) Pupils who are residents of institutions operated by the
13 department of community health.

14 (c) Pupils who are former residents of department of community
15 health institutions for the developmentally disabled who are placed
16 in community settings other than the pupil's home.

17 (d) Pupils enrolled in a department-approved on-grounds
18 educational program longer than 180 days, but not longer than 233
19 days, at a residential child care institution, if the child care
20 institution offered in 1991-92 an on-grounds educational program
21 longer than 180 days but not longer than 233 days.

22 (e) Pupils placed in a district by a parent for the purpose of
23 seeking a suitable home, if the parent does not reside in the same
24 intermediate district as the district in which the pupil is placed.

25 (3) Only those costs that are clearly and directly
26 attributable to educational programs for pupils described in
27 subsection (2), and that would not have been incurred if the pupils

1 were not being educated in a district or intermediate district, are
2 reimbursable under this section.

3 (4) The costs of transportation shall be funded under this
4 section and shall not be reimbursed under section 58.

5 (5) Not more than \$12,800,000.00 of the allocation for ~~2004-~~
6 ~~2005-~~ **2005-2006** in section 51a(1) shall be allocated under this
7 section.

8 Sec. 54. In addition to the aid received under section 52,
9 each intermediate district shall receive an amount per pupil for
10 each pupil in attendance at the Michigan schools for the deaf and
11 blind. The amount shall be proportionate to the total instructional
12 cost at each school. Not more than \$1,688,000.00 of the allocation
13 for ~~2004-2005-~~ **2005-2006** in section 51a(1) shall be allocated
14 under this section.

15 Sec. 56. (1) For the purposes of this section:

16 (a) "Membership" means for a particular fiscal year the total
17 membership for the immediately preceding fiscal year of the
18 intermediate district and the districts constituent to the
19 intermediate district.

20 (b) "Millage levied" means the millage levied for special
21 education pursuant to part 30 of the revised school code, MCL
22 380.1711 to 380.1743, including a levy for debt service
23 obligations.

24 (c) "Taxable value" means the total taxable value of the
25 districts constituent to an intermediate district, except that if a
26 district has elected not to come under part 30 of the revised
27 school code, MCL 380.1711 to 380.1743, membership and taxable value

1 of the district shall not be included in the membership and taxable
2 value of the intermediate district.

3 (2) From the allocation under section 51a(1), there is
4 allocated an amount not to exceed \$36,881,100.00 for ~~2004-2005~~
5 **2005-2006** to reimburse intermediate districts levying millages for
6 special education pursuant to part 30 of the revised school code,
7 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
8 reimbursement shall be limited as if the funds were generated by
9 these millages and governed by the intermediate district plan
10 adopted pursuant to article 3 of the revised school code, MCL
11 380.1701 to 380.1766. As a condition of receiving funds under this
12 section, an intermediate district distributing any portion of
13 special education millage funds to its constituent districts shall
14 submit for departmental approval and implement a distribution plan.

15 (3) Reimbursement for those millages levied in 2003-2004 shall
16 be made in ~~2004-2005~~ **2005-2006** at an amount per ~~2003-2004~~ **2004-**
17 **2005** membership pupil computed by subtracting from ~~\$133,400.00~~
18 **\$142,100.00** the ~~2003-2004~~ **2004-2005** taxable value behind each
19 membership pupil and multiplying the resulting difference by the
20 ~~2003-2004~~ **2004-2005** millage levied.

21 Sec. 57. (1) From the appropriation in section 11, there is
22 allocated an amount not to exceed \$50,000.00 for ~~2004-2005~~ **2005-**
23 **2006** to applicant intermediate districts that provide support
24 services for the education of advanced and accelerated pupils. An
25 intermediate district is entitled to 75% of the actual salary, but
26 not to exceed \$25,000.00 reimbursement for an individual salary, of
27 a support services teacher approved by the department, and not to

1 exceed \$4,000.00 reimbursement for expenditures to support program
2 costs, excluding in-county travel and salary, as approved by the
3 department.

4 (2) From the appropriation in section 11, there is allocated
5 an amount not to exceed \$0.00 for ~~2004-2005~~ **2005-2006** to support
6 part of the cost of summer institutes for advanced and accelerated
7 students. This amount shall be contracted to applicant intermediate
8 districts in cooperation with a local institution of higher
9 education and shall be coordinated by the department.

10 (3) From the appropriation in section 11, there is allocated
11 an amount not to exceed \$200,000.00 for ~~2004-2005~~ **2005-2006** for
12 the development and operation of comprehensive programs for
13 advanced and accelerated pupils. An eligible district or consortium
14 of districts shall receive an amount not to exceed \$100.00 per K-12
15 pupil for up to 5% of the district's or consortium's K-12
16 membership for the immediately preceding fiscal year with a minimum
17 total grant of \$6,000.00. Funding shall be provided in the
18 following order: the per pupil allotment, and then the minimum
19 total grant of \$6,000.00 to individual districts. An intermediate
20 district may act as the fiscal agent for a consortium of districts.
21 In order to be eligible for funding under this subsection, the
22 district or consortium of districts shall submit each year a
23 current 3-year plan for operating a comprehensive program for
24 advanced and accelerated pupils and the district or consortium
25 shall demonstrate to the department that the district or consortium
26 will contribute matching funds of at least \$50.00 per K-12 pupil.
27 The plan or revised plan shall be developed in accordance with

1 criteria established by the department and shall be submitted to
2 the department for approval. Within the criteria, the department
3 shall encourage the development of consortia among districts of
4 less than 5,000 memberships.

5 Sec. 61a. (1) From the appropriation in section 11, there is
6 allocated an amount not to exceed \$30,000,000.00 for ~~2004-2005~~
7 **2005-2006** to reimburse on an added cost basis districts, except for
8 a district that served as the fiscal agent for a vocational
9 education consortium in the 1993-94 school year, and secondary area
10 vocational-technical education centers for secondary-level
11 vocational-technical education programs, including parenthood
12 education programs, according to rules approved by the
13 superintendent. Applications for participation in the programs
14 shall be submitted in the form prescribed by the department. The
15 department shall determine the added cost for each vocational-
16 technical program area. The allocation of added cost funds shall be
17 based on the type of vocational-technical programs provided, the
18 number of pupils enrolled, and the length of the training period
19 provided, and shall not exceed 75% of the added cost of any
20 program. With the approval of the department, the board of a
21 district maintaining a secondary vocational-technical education
22 program may offer the program for the period from the close of the
23 school year until September 1. The program shall use existing
24 facilities and shall be operated as prescribed by rules promulgated
25 by the superintendent.

26 (2) Except for a district that served as the fiscal agent for
27 a vocational education consortium in the 1993-94 school year,

1 districts and intermediate districts shall be reimbursed for local
2 vocational administration, shared time vocational administration,
3 and career education planning district vocational-technical
4 administration. The definition of what constitutes administration
5 and reimbursement shall be pursuant to guidelines adopted by the
6 superintendent. Not more than \$800,000.00 of the allocation in
7 subsection (1) shall be distributed under this subsection.

8 (3) From the allocation in subsection (1), there is allocated
9 an amount not to exceed \$388,700.00 for ~~2004-2005~~ **2005-2006** to
10 intermediate districts with constituent districts that had combined
11 state and local revenue per membership pupil in the 1994-95 state
12 fiscal year of \$6,500.00 or more, served as a fiscal agent for a
13 state board designated area vocational education center in the
14 1993-94 school year, and had an adjustment made to their 1994-95
15 combined state and local revenue per membership pupil pursuant to
16 section 20d. The payment under this subsection to the intermediate
17 district shall equal the amount of the allocation to the
18 intermediate district for 1996-97 under this subsection.

19 Sec. 62. (1) For the purposes of this section:

20 (a) "Membership" means for a particular fiscal year the total
21 membership for the immediately preceding fiscal year of the
22 intermediate district and the districts constituent to the
23 intermediate district or the total membership for the immediately
24 preceding fiscal year of the area vocational-technical program.

25 (b) "Millage levied" means the millage levied for area
26 vocational-technical education pursuant to sections 681 to 690 of
27 the revised school code, MCL 380.681 to 380.690, including a levy

1 for debt service obligations incurred as the result of borrowing
2 for capital outlay projects and in meeting capital projects fund
3 requirements of area vocational-technical education.

4 (c) "Taxable value" means the total taxable value of the
5 districts constituent to an intermediate district or area
6 vocational-technical education program, except that if a district
7 has elected not to come under sections 681 to 690 of the revised
8 school code, MCL 380.681 to 380.690, the membership and taxable
9 value of that district shall not be included in the membership and
10 taxable value of the intermediate district. However, the membership
11 and taxable value of a district that has elected not to come under
12 sections 681 to 690 of the revised school code, MCL 380.681 to
13 380.690, shall be included in the membership and taxable value of
14 the intermediate district if the district meets both of the
15 following:

16 (i) The district operates the area vocational-technical
17 education program pursuant to a contract with the intermediate
18 district.

19 (ii) The district contributes an annual amount to the operation
20 of the program that is commensurate with the revenue that would
21 have been raised for operation of the program if millage were
22 levied in the district for the program under sections 681 to 690 of
23 the revised school code, MCL 380.681 to 380.690.

24 (2) From the appropriation in section 11, there is allocated
25 an amount not to exceed \$9,000,000.00 for ~~2004-2005~~ **2005-2006** to
26 reimburse intermediate districts and area vocational-technical
27 education programs established under section 690(3) of the revised

1 school code, MCL 380.690, levying millages for area vocational-
2 technical education pursuant to sections 681 to 690 of the revised
3 school code, MCL 380.681 to 380.690. The purpose, use, and
4 expenditure of the reimbursement shall be limited as if the funds
5 were generated by those millages.

6 (3) Reimbursement for the millages levied in ~~2003-2004~~ **2004-**
7 **2005** shall be made in ~~2004-2005~~ **2005-2006** at an amount per ~~2003-~~
8 ~~2004-~~ **2004-2005** membership pupil computed by subtracting from
9 ~~\$142,200.00~~ **\$151,200.00** the ~~2003-2004~~ **2004-2005** taxable value
10 behind each membership pupil and multiplying the resulting
11 difference by the ~~2003-2004~~ **2004-2005** millage levied.

12 Sec. 74. (1) From the amount appropriated in section 11, there
13 is allocated an amount not to exceed \$1,625,000.00 for ~~2004-2005~~
14 **2005-2006** for the purposes of subsections (2) and (3).

15 (2) From the allocation in subsection (1), there is allocated
16 each fiscal year the amount necessary for payments to state
17 supported colleges or universities and intermediate districts
18 providing school bus driver safety instruction or driver skills
19 road tests pursuant to sections 51 and 52 of the pupil
20 transportation act, 1990 PA 187, MCL 257.1851 and 257.1852. The
21 payments shall be in an amount determined by the department not to
22 exceed 75% of the actual cost of instruction and driver
23 compensation for each public or nonpublic school bus driver
24 attending a course of instruction. For the purpose of computing
25 compensation, the hourly rate allowed each school bus driver shall
26 not exceed the hourly rate received for driving a school bus.
27 Reimbursement compensating the driver during the course of

1 instruction or driver skills road tests shall be made by the
 2 department to the college or university or intermediate district
 3 providing the course of instruction.

4 (3) From the allocation in subsection (1), there is allocated
 5 each fiscal year the amount necessary to pay the reasonable costs
 6 of nonspecial education auxiliary services transportation provided
 7 pursuant to section 1323 of the revised school code, MCL 380.1323.
 8 Districts funded under this subsection shall not receive funding
 9 under any other section of this act for nonspecial education
 10 auxiliary services transportation.

11 Sec. 81. (1) Except as otherwise provided in this section,
 12 from the appropriation in section 11, there is allocated for ~~2004-~~
 13 ~~2005-~~ **2005-2006** to the intermediate districts the sum necessary,
 14 but not to exceed ~~-\$81,028,100.00-~~ **\$77,702,100.00**, to provide state
 15 aid to intermediate districts under this section. Except as
 16 otherwise provided in this section, there shall be allocated to
 17 each intermediate district for ~~2004-2005-~~ **2005-2006** an amount
 18 equal to ~~85.2%-~~ **100%** of the amount appropriated under this
 19 subsection for ~~2002-2003 in 2002 PA 521, before any reduction made~~
 20 ~~for 2002-2003 under section 11(3)-~~ **2004-2005, EXCLUDING THE PORTION**
 21 **THAT WAS ALLOCATED FOR THE PURPOSES OF SECTION 32J.** Funding
 22 provided under this section shall be used to comply with
 23 requirements of this act and the revised school code that are
 24 applicable to intermediate districts, and for which funding is not
 25 provided elsewhere in this act, and to provide technical assistance
 26 to districts as authorized by the intermediate school board. In
 27 order to receive funding under this section for ~~2004-2005-~~ **2005-**

1 2006, an intermediate district shall allocate for ~~2004-2005~~ 2005-
2 2006 at least an amount equal to 3.5% of its total funding received
3 under this section for 2002-2003 toward providing the great
4 parents, great start program under section 32j.

5 (2) From the allocation in subsection (1), there is allocated
6 to an intermediate district, formed by the consolidation or
7 annexation of 2 or more intermediate districts or the attachment of
8 a total intermediate district to another intermediate school
9 district or the annexation of all of the constituent K-12 districts
10 of a previously existing intermediate school district which has
11 disorganized, an additional allotment of \$3,500.00 each fiscal year
12 for each intermediate district included in the new intermediate
13 district for 3 years following consolidation, annexation, or
14 attachment.

15 (3) During a fiscal year, the department shall not increase an
16 intermediate district's allocation under subsection (1) because of
17 an adjustment made by the department during the fiscal year in the
18 intermediate district's taxable value for a prior year. Instead,
19 the department shall report the adjustment and the estimated amount
20 of the increase to the house and senate fiscal agencies and the
21 state budget director not later than June 1 of the fiscal year, and
22 the legislature shall appropriate money for the adjustment in the
23 next succeeding fiscal year.

24 (4) In order to receive funding under this section, an
25 intermediate district shall demonstrate to the satisfaction of the
26 department that the intermediate district employs at least 1 person
27 who is trained in pupil counting procedures, rules, and

1 regulations.

2 (5) BEGINNING IN 2006-2007, EACH DISTRICT SHALL BE PART OF A
3 CONSORTIUM THAT INCLUDES AT LEAST 1 INTERMEDIATE DISTRICT AND THAT
4 PROVIDES FOR REGIONAL DELIVERY OF AT LEAST 1 OF THESE ACTIVITIES:
5 PURCHASING, PAYROLL AND PERSONNEL, PUPIL TRANSPORTATION PURCHASES
6 AND PLANNING, AND BUDGETING AND ACCOUNTING FUNCTIONS. IF A DISTRICT
7 FAILS TO MEET THE REQUIREMENTS OF THIS SUBSECTION, THE DEPARTMENT
8 SHALL WITHHOLD 5% OF THE TOTAL FUNDS FOR WHICH THE DISTRICT
9 QUALIFIES UNDER THIS ACT UNTIL THE DISTRICT COMPLIES WITH THIS
10 SUBSECTION. IF THE DISTRICT DOES NOT COMPLY WITH THIS SUBSECTION
11 BY THE END OF THE FISCAL YEAR, THE DEPARTMENT SHALL PLACE THE
12 AMOUNT WITHHELD IN AN ESCROW ACCOUNT UNTIL THE DISTRICT COMPLIES
13 WITH THIS SECTION.

14 Sec. 94a. (1) There is created within the office of the state
15 budget director in the department of management and budget the
16 center for educational performance and information. The center
17 shall do all of the following:

18 (a) Coordinate the collection of all data required by state
19 and federal law from all entities receiving funds under this act.

20 (b) Collect data in the most efficient manner possible in
21 order to reduce the administrative burden on reporting entities.

22 (c) Establish procedures to ensure the validity and
23 reliability of the data and the collection process.

24 (d) Develop state and model local data collection policies,
25 including, but not limited to, policies that ensure the privacy of
26 individual student data. State privacy policies shall ensure that
27 student social security numbers are not released to the public for

1 any purpose.

2 (e) Provide data in a useful manner to allow state and local
3 policymakers to make informed policy decisions.

4 (f) Provide reports to the citizens of this state to allow
5 them to assess allocation of resources and the return on their
6 investment in the education system of this state.

7 (g) Assist all entities receiving funds under this act in
8 complying with audits performed according to generally accepted
9 accounting procedures.

10 (h) Other functions as assigned by the state budget director.

11 (2) ~~Not later than August 15, 2004, each~~ **EACH** state
12 department, officer, or agency that collects information from
13 districts or intermediate districts as required under state or
14 federal law shall make arrangements with the center, and with the
15 districts or intermediate districts, to have the center collect the
16 information and to provide it to the department, officer, or agency
17 as necessary. To the extent that it does not cause financial
18 hardship, the center shall arrange to collect the information in a
19 manner that allows electronic submission of the information to the
20 center. Each affected state department, officer, or agency shall
21 provide the center with any details necessary for the center to
22 collect information as provided under this subsection. This
23 subsection does not apply to information collected by the
24 department of treasury under the uniform budgeting and accounting
25 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
26 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; 1961 PA 108, MCL
27 388.951 to 388.963; or section 1351a of the revised school code,

1 MCL 380.1351a.

2 (3) The state budget director shall appoint a CEPI advisory
3 committee, consisting of the following members:

4 (a) One representative from the house fiscal agency.

5 (b) One representative from the senate fiscal agency.

6 (c) One representative from the office of the state budget
7 director.

8 (d) One representative from the state education agency.

9 (e) One representative each from the department of labor and
10 economic growth and the department of treasury.

11 (f) Three representatives from intermediate school districts.

12 (g) One representative from each of the following educational
13 organizations:

14 (i) Michigan association of school boards.

15 (ii) Michigan association of school administrators.

16 (iii) Michigan school business officials.

17 (h) One representative representing private sector firms
18 responsible for auditing school records.

19 (i) Other representatives as the state budget director
20 determines are necessary.

21 (4) The CEPI advisory committee appointed under subsection (3)
22 shall provide advice to the director of the center regarding the
23 management of the center's data collection activities, including,
24 but not limited to:

25 (a) Determining what data is necessary to collect and maintain
26 in order to perform the center's functions in the most efficient
27 manner possible.

1 (b) Defining the roles of all stakeholders in the data
2 collection system.

3 (c) Recommending timelines for the implementation and ongoing
4 collection of data.

5 (d) Establishing and maintaining data definitions, data
6 transmission protocols, and system specifications and procedures
7 for the efficient and accurate transmission and collection of data.

8 (e) Establishing and maintaining a process for ensuring the
9 accuracy of the data.

10 (f) Establishing and maintaining state and model local
11 policies related to data collection, including, but not limited to,
12 privacy policies related to individual student data.

13 (g) Ensuring the data is made available to state and local
14 policymakers and citizens of this state in the most useful format
15 possible.

16 (h) Other matters as determined by the state budget director
17 or the director of the center.

18 (5) The center may enter into any interlocal agreements
19 necessary to fulfill its functions.

20 (6) From the general fund appropriation in section 11, there
21 is allocated an amount not to exceed ~~\$1,500,000.00~~ **\$2,500,000.00**
22 for ~~2004-2005~~ **2005-2006** to the department of management and
23 budget to support the operations of the center. The center shall
24 cooperate with the state education agency to ensure that this state
25 is in compliance with federal law and is maximizing opportunities
26 for increased federal funding to improve education in this state.
27 In addition, from the federal funds appropriated in section 11 for

1 ~~2004-2005~~ **2005-2006**, there ~~is~~ **ARE** allocated the following
2 amounts for ~~2004-2005~~ **2005-2006** in order to fulfill federal
3 reporting requirements:

4 (a) An amount not to exceed ~~\$835,000.00~~ **\$839,000.00** funded
5 from DED-OESE, title I, disadvantaged children funds.

6 (b) An amount not to exceed ~~\$63,000.00~~ **\$55,700.00** funded
7 from DED-OESE, title I, reading first state grant funds.

8 (c) An amount not to exceed ~~\$46,800.00~~ **\$47,000.00** funded
9 from DED-OESE, title I, migrant education funds.

10 (d) An amount not to exceed \$285,000.00 funded from DED-OESE,
11 improving teacher quality funds.

12 (e) An amount not to exceed \$73,000.00 funded from DED-OESE,
13 drug-free schools and communities funds.

14 (f) An amount not to exceed \$150,000.00 funded under sections
15 611 to 619 of part B of the individuals with disabilities education
16 act, title VI of Public Law 91-230, 20 USC 1411 to 1419.

17 (g) An amount not to exceed \$13,500.00 for data collection
18 systems, funded from DED-NCES, common core data funds.

19 (h) An amount not to exceed \$400,000.00 for the collection and
20 dissemination of state assessment data, funded from DED-OESE, title
21 VI, state assessments funds.

22 ~~—— (7) In addition, from the federal funds appropriated in~~
23 ~~section 11 for the 2003-2004 and 2004-2005 fiscal years, there is~~
24 ~~allocated the following amounts each fiscal year in order to~~
25 ~~fulfill federal reporting requirements.~~

26 **(I)** ~~—(a)~~ An amount not to exceed \$80,000.00 for data
27 collection systems, funded from DED-NCES, task award funds.

1 (J) ~~—(b)—~~ An amount not to exceed \$100,000.00 for data
2 collection systems development funded from DED-NCES, performance
3 based data management initiative.

4 (7) THE CENTER SHALL USE FUNDS ALLOCATED UNDER THIS SECTION TO
5 SUPPORT THE DEVELOPMENT AND IMPLEMENTATION OF A COMPREHENSIVE DATA
6 MANAGEMENT AND PUPIL TRACKING SYSTEM, PURSUANT TO THE NATIONAL
7 EDUCATIONAL TECHNOLOGY PLAN ISSUED IN JANUARY 2005. THE TRACKING
8 SYSTEM SHALL INCLUDE LONGITUDINAL EDUCATIONAL DATA THAT CREATE A
9 LIFELONG TRACKING SYSTEM FOR PUPILS.

10 (8) FROM THE ALLOCATION IN SUBSECTION (6), AN AMOUNT NOT TO
11 EXCEED \$500,000.00 IS ALLOCATED TO STANDARD AND POOR'S FOR THE
12 CONTINUED MAINTENANCE, AVAILABILITY, AND INFORMATIONAL UPDATING OF
13 THE SCHOOL EVALUATION SERVICES WEBSITE, AND THE CONTINUED PROVISION
14 OF OUTREACH SERVICES.

15 (9) ~~—(8)—~~ Funds allocated under this section that are not
16 expended in the fiscal year in which they were allocated may be
17 carried forward to a subsequent fiscal year.

18 (10) ~~—(9)—~~ The center may bill departments as necessary in
19 order to fulfill reporting requirements of state and federal law.
20 THE CENTER MAY ALSO ENTER INTO AGREEMENTS TO SUPPLY CUSTOM DATA,
21 ANALYSIS, AND REPORTING TO OTHER PRINCIPAL EXECUTIVE DEPARTMENTS,
22 STATE AGENCIES, LOCAL UNITS OF GOVERNMENT, AND OTHER INDIVIDUALS
23 AND ORGANIZATIONS. THE CENTER MAY RECEIVE AND EXPEND FUNDS IN
24 ADDITION TO THOSE AUTHORIZED IN SUBSECTION (6) TO COVER THE COSTS
25 ASSOCIATED WITH SALARIES, BENEFITS, SUPPLIES, MATERIALS AND
26 EQUIPMENT NECESSARY TO PROVIDE THE DATA, ANALYSIS, AND REPORTING
27 SERVICES.

1 (11) ~~—(10)—~~ As used in this section:

2 (a) "DED-NCES" means the United States department of education
3 national center for education statistics.

4 (b) "DED-OESE" means the United States department of education
5 office of elementary and secondary education.

6 (c) "State education agency" means the department.

7 Sec. 98. (1) From the general fund money appropriated in
8 section 11, there is allocated an amount not to exceed ~~—\$750,000.00~~
9 **\$1,250,000.00** for ~~—2004-2005—~~ **2005-2006** to provide a grant to the
10 Michigan virtual university for the development, implementation,
11 and operation of the Michigan virtual high school and to fund other
12 purposes described in this section. In addition, from the federal
13 funds appropriated in section 11, there is allocated for ~~—2004-2005~~
14 **2005-2006** an amount estimated at \$2,250,000.00 from DED-OESE, title
15 II, improving teacher quality funds. ~~—If the Michigan virtual~~
16 ~~university ceases to operate the Michigan virtual high school or~~
17 ~~fails to perform another of its functions described in this~~
18 ~~section, the department may operate the Michigan virtual high~~
19 ~~school or perform another function of the Michigan virtual~~
20 ~~university described in this section using the funds allocated~~
21 ~~under this section.~~

22 (2) The Michigan virtual high school shall have the following
23 goals:

24 (a) Significantly expand curricular offerings for high schools
25 across this state through agreements with districts or licenses
26 from other recognized providers. The Michigan virtual ~~—university~~
27 **HIGH SCHOOL** shall explore options for providing rigorous civics

1 curricula online.

2 (b) Create statewide instructional models using interactive
3 multimedia tools delivered by electronic means, including, but not
4 limited to, the internet, digital broadcast, or satellite network,
5 for distributed learning at the high school level.

6 (c) Provide pupils with opportunities to develop skills and
7 competencies through on-line learning.

8 (d) Offer teachers opportunities to learn new skills and
9 strategies for developing and delivering instructional services.

10 (e) Accelerate this state's ability to respond to current and
11 emerging educational demands.

12 (f) Grant high school diplomas through a dual enrollment
13 method with districts.

14 (g) Act as a broker for college level equivalent courses, as
15 defined in section 1471 of the revised school code, MCL 380.1471,
16 and dual enrollment courses from postsecondary education
17 institutions.

18 (3) The Michigan virtual high school course offerings shall
19 include, but are not limited to, all of the following:

20 (a) Information technology courses.

21 (b) College level equivalent courses, as defined in section
22 1471 of the revised school code, MCL 380.1471.

23 (c) Courses and dual enrollment opportunities.

24 (d) Programs and services for at-risk pupils.

25 (e) General education development test preparation courses for
26 adjudicated youth.

27 (f) Special interest courses.

1 (g) Professional development programs and services for
2 teachers.

3 (4) The state education agency shall sign a memorandum of
4 understanding with the Michigan virtual university regarding the
5 DED-OESE, title II, improving teacher quality funds as provided
6 under this subsection. The memorandum of understanding under this
7 subsection shall require that the Michigan virtual university
8 coordinate the following activities related to DED-OESE, title II,
9 improving teacher quality funds in accordance with federal law:

10 (a) Develop, and assist districts in the development and use
11 of, proven, innovative strategies to deliver intensive professional
12 development programs that are both cost-effective and easily
13 accessible, such as strategies that involve delivery through the
14 use of technology, peer networks, and distance learning.

15 (b) Encourage and support the training of teachers and
16 administrators to effectively integrate technology into curricula
17 and instruction.

18 (c) Coordinate the activities of eligible partnerships that
19 include higher education institutions for the purposes of providing
20 professional development activities for teachers,
21 paraprofessionals, and principals as defined in federal law.

22 (5) If a home-schooled or nonpublic school student is a
23 resident of a district that subscribes to services provided by the
24 Michigan virtual ~~university~~ **HIGH SCHOOL**, the student may use the
25 services provided by the Michigan virtual ~~university~~ **HIGH SCHOOL**
26 to the district without charge to the student beyond what is
27 charged to a district pupil using the same services.

1 (6) From the allocations in subsection (1), the amount
2 necessary, not to exceed \$1,250,000.00, shall be used to provide
3 online professional development for classroom teachers. This
4 allocation is intended to be for the ~~second~~ **FINAL YEAR** of 3
5 years. These funds may be used for designing and building courses,
6 marketing and outreach, workshops and evaluation, content
7 acquisition, technical assistance, project management, and customer
8 support. The Michigan virtual university shall offer at least 5
9 hours of online professional development for classroom teachers
10 under this section in ~~2004-2005~~ **2005-2006** without charge to the
11 teachers or to districts or intermediate districts.

12 (7) A district or intermediate district may require a full-
13 time teacher to participate in at least 5 hours of online
14 professional development provided by the Michigan virtual
15 university under subsection (6). Five hours of this professional
16 development shall be considered to be part of the 51 hours allowed
17 to be counted as hours of pupil instruction under section 101(10).

18 **(8) IN ADDITION TO THE OTHER FUNDS ALLOCATED UNDER THIS**
19 **SECTION, FROM THE FEDERAL FUNDS APPROPRIATED IN SECTION 11, THERE**
20 **IS ALLOCATED FOR 2005-2006 AN AMOUNT ESTIMATED AT \$2,000,000.00**
21 **FROM THE DED-OESE, TITLE II, EDUCATIONAL TECHNOLOGY GRANT FUNDS TO**
22 **SUPPORT E-LEARNING AND VIRTUAL SCHOOL INITIATIVES CONSISTENT WITH**
23 **THE GOALS CONTAINED IN THE UNITED STATES NATIONAL EDUCATIONAL**
24 **TECHNOLOGY PLAN ISSUED IN JANUARY 2005. THE MICHIGAN VIRTUAL**
25 **UNIVERSITY, WHICH OPERATES THE MICHIGAN VIRTUAL HIGH SCHOOL, SHALL**
26 **PERFORM THE FOLLOWING TASKS RELATED TO THIS FUNDING:**

27 **(A) EXAMINE THE CURRICULAR AND SPECIFIC COURSE CONTENT NEEDS**

1 OF MIDDLE AND HIGH SCHOOL STUDENTS IN THIS STATE THAT ARE NECESSARY
2 TO PURSUE POSTSECONDARY EDUCATION AND TO PARTICIPATE IN THE GLOBAL
3 ECONOMY.

4 (B) DESIGN, DEVELOP, AND ACQUIRE ONLINE COURSES AND RELATED
5 SUPPLEMENTAL RESOURCES ALIGNED TO STATE STANDARDS TO CREATE A
6 COMPREHENSIVE AND RIGOROUS STATEWIDE CATALOG OF ONLINE COURSES AND
7 INSTRUCTIONAL SERVICES.

8 (C) CONDUCT STATEWIDE DEMONSTRATION PILOTS TO PROMOTE NEW AND
9 INNOVATIVE ONLINE COURSES AND INSTRUCTIONAL SERVICES.

10 (D) EVALUATE EXISTING ONLINE TEACHING AND LEARNING PRACTICES
11 AND DEVELOP CONTINUOUS IMPROVEMENT STRATEGIES TO ENHANCE STUDENT
12 ACHIEVEMENT.

13 (E) PROVIDE PROFESSIONAL DEVELOPMENT TO PROMOTE THE
14 INTEGRATION OF ONLINE INSTRUCTIONAL RESOURCES IN CLASSROOM
15 SETTINGS, AND TRAIN, SUPPORT, AND ASSIST K-12 EDUCATORS IN THIS
16 STATE IN TEACHING ONLINE COURSES.

17 (F) DEVELOP, SUPPORT, AND MAINTAIN THE TECHNOLOGY
18 INFRASTRUCTURE AND RELATED SOFTWARE REQUIRED TO DELIVER ONLINE
19 COURSES AND INSTRUCTIONAL SERVICES TO STUDENTS STATEWIDE.

20 (G) PROVIDE SCHOLARSHIP SUPPORT TO HIGH-NEED SCHOOLS TO
21 ACCELERATE STUDENT PARTICIPATION IN ONLINE COURSES AND
22 INSTRUCTIONAL SERVICES.

23 (H) SUPPORT A STATEWIDE 24-HOUR HELP DESK SERVICE TO ASSIST
24 STUDENTS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL WITH
25 TECHNICAL AND END-USER NEEDS.

26 (9) NOT LATER THAN NOVEMBER 30, 2005, FROM THE FUNDS ALLOCATED
27 IN SUBSECTION (8), THE DEPARTMENT SHALL AWARD A SINGLE GRANT OF

1 \$2,000,000.00 TO A CONSORTIUM OR PARTNERSHIP ESTABLISHED BY THE
2 MICHIGAN VIRTUAL UNIVERSITY THAT MEETS THE REQUIREMENTS OF THIS
3 SECTION. TO BE ELIGIBLE FOR THIS FUNDING, A CONSORTIUM OR
4 PARTNERSHIP ESTABLISHED BY THE MICHIGAN VIRTUAL UNIVERSITY SHALL
5 INCLUDE AT LEAST 1 COLLEGE OR UNIVERSITY LOCATED IN THIS STATE THAT
6 IS ELIGIBLE UNDER FEDERAL LAW FOR THIS FUNDING, AT LEAST 1
7 INTERMEDIATE DISTRICT, AND AT LEAST 1 HIGH-NEED LOCAL DISTRICT. AN
8 ELIGIBLE CONSORTIUM OR PARTNERSHIP MUST DEMONSTRATE THE FOLLOWING:

9 (A) PRIOR SUCCESS IN DELIVERING ONLINE COURSES AND
10 INSTRUCTIONAL SERVICES TO K-12 STUDENTS THROUGHOUT THIS STATE.

11 (B) EXPERTISE IN DESIGNING, DEVELOPING, AND EVALUATING ONLINE
12 K-12 COURSE CONTENT.

13 (C) EXPERIENCE IN MAINTAINING A STATEWIDE HELP DESK SERVICE
14 FOR STUDENTS, ONLINE TEACHERS, AND OTHER SCHOOL PERSONNEL.

15 (D) KNOWLEDGE AND EXPERIENCE IN PROVIDING TECHNICAL ASSISTANCE
16 AND SUPPORT TO K-12 SCHOOLS IN THE AREA OF ONLINE EDUCATION.

17 (E) EXPERIENCE IN TRAINING AND SUPPORTING K-12 EDUCATORS IN
18 THIS STATE TO TEACH ONLINE COURSES.

19 (F) DEMONSTRATED TECHNICAL EXPERTISE AND CAPACITY IN MANAGING
20 COMPLEX TECHNOLOGY SYSTEMS.

21 (G) EXPERIENCE PROMOTING TWENTY-FIRST CENTURY LEARNING SKILLS
22 THROUGH THE INNOVATIVE USE OF ONLINE TECHNOLOGIES.

23 (10) ~~—(8)—~~ As used in this section:

24 (a) "DED-OESE" means the United States department of education
25 office of elementary and secondary education.

26 (B) "HIGH-NEED LOCAL DISTRICT" MEANS A LOCAL EDUCATIONAL
27 AGENCY AS DEFINED IN THE ENHANCING EDUCATION THROUGH TECHNOLOGY

1 **PART OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC LAW 107-110.**

2 (C) ~~—(b)—~~ "State education agency" means the department.

3 Sec. 98b. (1) From the ~~school aid stabilization fund created~~
4 ~~in section 11a, there is appropriated and allocated for 2004-2005~~
5 ~~an amount not to exceed \$3,700,000.00 for the freedom to learn~~
6 ~~program described in this section. In addition, from the federal~~
7 ~~funds appropriated in section 11 there is allocated for 2004-2005~~
8 **2005-2006** an amount not to exceed ~~—\$10,343,200.00~~ **\$3,000,000.00**
9 from the competitive grants of DED-OESE, title II, educational
10 technology grants funds. ~~—, and an amount not to exceed~~
11 ~~\$7,000,000.00 from funds carried forward from 2003-2004 from~~
12 ~~unexpended DED-OESE, title II, educational technology grants funds.~~

13 (2) The allocations in subsection (1) shall be used to
14 develop, implement, and operate the freedom to learn program and
15 make program grants. The goal of the program is to achieve one-to-
16 one access to wireless technology for K-12 pupils through statewide
17 and local public-private partnerships. To implement the program,
18 the state education agency shall sign a memorandum of understanding
19 with the Michigan virtual university that provides for joint
20 administration of program grants under this subsection. However,
21 beginning January 1, 2005, Ferris state university shall perform
22 the functions of the Michigan virtual university under this section
23 and the funds allocated to the Michigan virtual university under
24 this section are instead allocated to Ferris state university. Not
25 later than January 31, 2005, the state education agency shall enter
26 into a memorandum of understanding with Ferris state university
27 that provides for this transfer of functions. The Michigan virtual

1 university or Ferris state university, as applicable, and the state
2 education agency shall make grants to districts as described in
3 this section. In awarding the grants, the Michigan virtual
4 university or Ferris state university, as applicable, and the state
5 education agency shall give priority to applications that
6 demonstrate that the district's program will meet all of the
7 following:

8 (a) Will be ready for immediate implementation and will have
9 begun professional development on technology integration in the
10 classroom.

11 (b) Will utilize state structure and resources for
12 professional development, as coordinated by the Michigan virtual
13 university or Ferris state university, as applicable.

14 (c) Will opt to participate in the statewide partnership
15 described in subsection (9).

16 (3) The amount of program grants to districts is estimated at
17 \$250.00 per pupil in membership in grade 6 in ~~2004-2005~~ **2005-**
18 **2006**, or in another grade allowed in this section, or per grade 6
19 teacher if the funding is awarded in a ratio of at least 20 pupils
20 funded for each teacher funded. The state education agency and the
21 Michigan virtual university or Ferris state university, as
22 applicable, shall establish grant criteria that maximize the
23 distribution of federal funds to achieve the \$250.00 per pupil or
24 teacher in districts that qualify for federal funds. To qualify for
25 a grant under this section, a district shall submit an application
26 to the state education agency and the Michigan virtual university
27 or Ferris state university, as applicable, and complete the

1 application process established by the state education agency and
2 the Michigan virtual university or Ferris state university, as
3 applicable. The application shall include at least all of the
4 following:

5 (a) If the district is applying for federal funds, how the
6 district will meet the requirements of the competitive grants under
7 DED-OESE, title II, part D.

8 (b) How the district will provide the opportunity for each
9 pupil in membership in grade 6 to receive a wireless computing
10 device. If the district has already achieved one-to-one wireless
11 access in grade 6 or if the district's school building grade
12 configuration makes implementation of the program for grade 6
13 impractical, the district may apply for a grant for the next
14 highest grade. If the district does not have a grade 6 or higher,
15 the district may apply for funding for the next lowest grade level.
16 If the district operates 1 or more schools that are not meeting
17 adequate yearly progress, as determined by the department, and that
18 contain grade 6, the district may apply for funding for a school
19 building-wide program for 1 or more of those schools. A public
20 school academy that does not offer a grade higher than grade 5 may
21 apply to receive a grant under this section for pupils in the
22 highest grade offered by the public school academy.

23 (c) The district shall submit a plan describing the uses of
24 the grant funds. The plan shall describe a plan for professional
25 development on technology integration, content and curriculum, and
26 local partnerships with the other districts and representatives
27 from businesses, industry, and higher education. The plan shall

1 include at least the following:

2 (i) The academic achievement goals, which may include, but are
3 not limited to, goals related to mathematics, science, and language
4 arts.

5 (ii) The engagement goals, which may include, but are not
6 limited to, goals related to retention rates, dropout rates,
7 detentions, and suspensions.

8 (iii) A commitment that at least 25% of the total local budget
9 for the program will be used on professional development on
10 technology integration in the classroom.

11 (d) A 3- to 5-year plan or funding model for increasing the
12 share that is borne locally of the expenditures for one-to-one
13 wireless access. The Michigan virtual university or Ferris state
14 university, as applicable, shall provide districts with sample
15 local plans and funding models for the purposes of this subdivision
16 and with information on available federal and private resources.

17 (e) How the district will amend its local technology plan as
18 required under state and federal law to reflect the program under
19 this section.

20 (4) A district that receives a grant under this section shall
21 provide at least a \$25.00 per pupil match for grant money received
22 under this section from local public or private resources.

23 (5) The amount of a grant under this section to a single
24 district for a fiscal year shall not exceed 25% of the total amount
25 available for grants under this section for that fiscal year.

26 (6) A district that received money under section 98 in 2002-
27 2003 for a wireless technology grant is eligible to receive a grant

1 under this section.

2 (7) The federal funding under subsection (1) shall be used
3 first to provide the grants under this subsection. A district
4 described in this subsection shall apply to the Michigan virtual
5 university or Ferris state university, as applicable, and the state
6 education agency for a grant in the form and manner prescribed by
7 the department. An application under this section is not subject to
8 the requirements of subsection (3) if the application demonstrates
9 that the program will meet all of the following:

10 (a) Will continue as a demonstration program.

11 (b) Will provide regional assistance to schools that are not
12 meeting adequate yearly progress, as determined by the department,
13 and to new grant recipients, as directed by the state education
14 agency and the Michigan virtual university or Ferris state
15 university, as applicable.

16 (c) Will seek to expand its existing wireless technology
17 initiatives.

18 (8) The state funding under subsection (1) shall be used first
19 to provide grants to districts that received money under section 98
20 in 2002-2003 and were designated as program application sites.

21 (9) The department of management and budget shall establish a
22 statewide public-private partnership to implement the program. The
23 department of management and budget shall select a program partner
24 through a request for proposals process for a total learning
25 technology package that includes, but is not limited to, a wireless
26 laptop, software, professional development, service, and support,
27 and for management by a single point of contact individual

1 responsible for the overall implementation. The proposal selected
2 shall achieve significant efficiencies and economies of scale and
3 be interoperable with existing technologies. The private partner
4 selected in the request for proposals process to partner with the
5 state must possess all of the following:

6 (a) Experience in the development and successful
7 implementation of large-scale, school-based wireless technology
8 projects.

9 (b) Proven technical ability to deliver a total solutions
10 package of learning technology for elementary and secondary
11 students and teachers.

12 (c) Results-based education solutions to increase student
13 achievement and advance professional development for teachers.

14 (d) Ability to coordinate, utilize, and expand existing
15 technology infrastructures and professional development delivery
16 systems within school districts and regions.

17 (e) Ability to provide a wireless computing device that is
18 able to be connected to the wireless network and is able to access
19 a school's preexisting local network and the internet both
20 wirelessly in the school and through dial-up or other remote
21 connection from the home or elsewhere outside school.

22 (10) A district may elect to purchase or lease wireless
23 computing devices from a vendor other than the statewide
24 partnership described in subsection (9) if the Michigan virtual
25 university or Ferris state university, as applicable, determines
26 that the vendor meets the requirements of subdivisions (a) to (d)
27 of subsection (9) and the vendor is identified in the district's

1 grant application.

2 (11) The state education agency shall sign a memorandum of
3 understanding with the Michigan virtual university regarding DED-
4 OESE, title II, educational technology grants, as provided under
5 this subsection. Not later than January 31, 2005, the state
6 education agency shall enter into a memorandum of understanding
7 with Ferris state university to provide for the transfer of
8 functions under this subsection. The Michigan virtual university or
9 Ferris state university, as applicable, shall coordinate activities
10 described in this subsection with the freedom to learn grants
11 described under this section. The memorandum of understanding shall
12 require that the Michigan virtual university or Ferris state
13 university, as applicable, coordinate the following state
14 activities related to DED-OESE, title II, educational technology
15 grants in accordance with federal law:

16 (a) Assist in the development of innovative strategies for the
17 delivery of specialized or rigorous academic courses and curricula
18 through the use of technology, including distance learning
19 technologies.

20 (b) Establish and support public-private initiatives for the
21 acquisition of educational technology for students in high-need
22 districts.

23 (12) Funds allocated under this section that are not expended
24 in the state fiscal year for which they were allocated may be
25 carried forward to a subsequent state fiscal year.

26 (13) It is the intent of the legislature that all plans or
27 applications submitted by the state education agency to the United

1 States department of education relating to the distribution of
2 federal funds under this section are for the purposes described in
3 this section.

4 (14) The state education agency shall ensure that the program
5 goals and plans for the freedom to learn program are contained in
6 the state technology plan required by federal law.

7 ~~—— (15) From the funds allocated under this section, an amount~~
8 ~~not to exceed \$2,750,000.00 is allocated to the Michigan virtual~~
9 ~~university or Ferris state university, as applicable, to be used~~
10 ~~for statewide activities, as follows:~~

11 ~~—— (a) An amount estimated at \$1,700,000.00 to develop a~~
12 ~~professional development network in partnership with other~~
13 ~~statewide entities for professional development on technology~~
14 ~~integration in the classroom.~~

15 ~~—— (b) An amount estimated at \$250,000.00 for development of a~~
16 ~~content resource package that will include on-line coursework~~
17 ~~content.~~

18 ~~—— (c) An amount estimated at \$300,000.00 to Ferris state~~
19 ~~university to develop or purchase an on-line assessment system to~~
20 ~~supplement the Michigan education assessment program tests and the~~
21 ~~Michigan merit examination and provide immediate feedback on pupil~~
22 ~~achievement. The assessment system shall include high quality tests~~
23 ~~aligned to the state curriculum framework and tests that can be~~
24 ~~customized by teachers and integrated with on-line instructional~~
25 ~~resources. The state education agency shall work in partnership~~
26 ~~with Ferris state university to implement the assessment program.~~
27 ~~The state education agency shall give first priority in~~

~~implementing the assessment systems to districts not meeting
adequately yearly progress requirements as established by the
federal no child left behind act of 2001, Public Law 107-110, and
to schools participating in grant programs under this section.~~

~~—— (d) An amount not to exceed \$500,000.00 for comprehensive
statewide evaluation of current and future projects under this
section and for statewide administration of the freedom to learn
program.~~

(15) ~~—(16)—~~ Notwithstanding section 17b, payments under this
section may be made pursuant to an agreement with the department.

(16) ~~—(17)—~~ It is the intent of the legislature that this
state will seek to raise private funds for the current and future
funding of the freedom to learn program under this section and all
of the program components.

(17) ~~—(18)—~~ As used in this section:

(a) "DED-OESE" means the United States department of education
office of elementary and secondary education.

(b) "State education agency" means the department.

Sec. 99. (1) From the state school aid fund money appropriated
in section 11, there is allocated an amount not to exceed
~~\$2,416,000.00~~ **\$2,512,640.00** for ~~2004-2005~~ **2005-2006** and from the
general fund appropriation in section 11, there is allocated an
amount not to exceed ~~\$84,000.00~~ **\$87,360.00** for ~~2004-2005~~ **2005-**
2006 for implementing the comprehensive master plan for mathematics
and science centers developed by the department and approved by the
state board on August 8, 2002. In addition, from the federal funds
appropriated in section 11, there is allocated **FOR 2005-2006** an

1 amount estimated at ~~-\$3,581,300.00~~ **\$4,456,000.00** from DED-OESE,
2 title II, mathematics and science partnership grants.

3 (2) Within a service area designated locally, approved by the
4 department, and consistent with the master plan described in
5 subsection (1), an established mathematics and science center shall
6 address 2 or more of the following 6 basic services, as described
7 in the master plan, to constituent districts and communities:
8 leadership, pupil services, curriculum support, community
9 involvement, professional development, and resource clearinghouse
10 services.

11 (3) The department shall not award a state grant under this
12 section to more than 1 mathematics and science center located in a
13 designated region as prescribed in the 2002 master plan unless each
14 of the grants serves a distinct target population or provides a
15 service that does not duplicate another program in the designated
16 region.

17 (4) As part of the technical assistance process, the
18 department shall provide minimum standard guidelines that may be
19 used by the mathematics and science center for providing fair
20 access for qualified pupils and professional staff as prescribed in
21 this section.

22 (5) Allocations under this section to support the activities
23 and programs of mathematics and science centers shall be continuing
24 support grants to all 33 established mathematics and science
25 centers. Each established mathematics and science center that was
26 funded in 2003-2004 shall receive state funding in an amount equal
27 to the amount it received under this section for 2003-2004. If a

1 center declines state funding or a center closes, the remaining
2 money available under this section shall be distributed on a pro
3 rata basis to the remaining centers, as determined by the
4 department.

5 (6) In order to receive state funds under this section, a
6 grant recipient shall allow access for the department or the
7 department's designee to audit all records related to the program
8 for which it receives such funds. The grant recipient shall
9 reimburse the state for all disallowances found in the audit.

10 (7) Not later than September 30, 2007, the department shall
11 reevaluate and update the comprehensive master plan described in
12 subsection (1).

13 (8) The department shall give preference in awarding the
14 federal grants allocated in subsection (1) to eligible existing
15 mathematics and science centers.

16 (9) In order to receive state funds under this section, a
17 grant recipient shall provide at least a 10% local match from local
18 public or private resources for the funds received under this
19 section.

20 (10) As used in this section:

21 (a) "DED" means the United States department of education.

22 (b) "DED-OESE" means the DED office of elementary and
23 secondary education.

24 Sec. 107. (1) From the appropriation in section 11, there is
25 allocated an amount not to exceed \$20,000,000.00 for ~~2004-2005~~
26 **2005-2006** for adult education programs authorized under this
27 section.

1 (2) To be eligible to be a participant funded under this
2 section, a person shall be enrolled in an adult basic education
3 program, an adult English as a second language program, a general
4 educational development (G.E.D.) test preparation program, a job or
5 employment related program, or a high school completion program,
6 that meets the requirements of this section, and shall meet either
7 of the following, as applicable:

8 (a) If the individual has obtained a high school diploma or a
9 general educational development (G.E.D.) certificate, the
10 individual meets 1 of the following:

11 (i) Is less than 20 years of age on September 1 of the school
12 year and is enrolled in the state technical institute and
13 rehabilitation center.

14 (ii) Is less than 20 years of age on September 1 of the school
15 year, is not attending an institution of higher education, and is
16 enrolled in a job or employment-related program through a referral
17 by an employer.

18 (iii) Is enrolled in an English as a second language program.

19 (iv) Is enrolled in a high school completion program.

20 (b) If the individual has not obtained a high school diploma
21 or G.E.D. certificate, the individual meets 1 of the following:

22 (i) Is at least 20 years of age on September 1 of the school
23 year.

24 (ii) Is at least 16 years of age on September 1 of the school
25 year, has been permanently expelled from school under section
26 1311(2) or 1311a of the revised school code, MCL 380.1311 and
27 380.1311a, and has no appropriate alternative education program

Senate Bill No. as amended June 16, 2005

available through his or her district of residence.

(3) Except as otherwise provided in subsection (4), the amount allocated under subsection (1) shall be distributed as follows:

(a) For districts and consortia that received payments for 2003-2004 under this section, the amount allocated to each for ~~2004-2005~~ **2005-2006** shall be based on the number of participants served by the district or consortium for ~~2004-2005~~ **2005-2006**, using the amount allocated per full-time equated participant under subsection (5), up to a maximum total allocation under this section in an amount equal to the amount the district or consortium received for 2003-2004 under this section before any reallocations made for 2003-2004 under subsection (4).

(b) A district or consortium that received funding in 2003-2004 under this section may operate independently of a consortium or join or form a consortium for ~~2004-2005~~ **2005-2006**. **<<IN ADDITION, A DISTRICT THAT HAD A DECLARATION OF FINANCIAL EMERGENCY IN PLACE UNDER THE LOCAL GOVERNMENT FISCAL RESPONSIBILITY ACT, 1990 PA 72, MCL 141.1201 TO 141.1291, AND FOR WHICH THAT DECLARATION WAS REVOKED DURING 2005 MAY OPERATE A PROGRAM UNDER THIS SECTION INDEPENDENTLY OF A CONSORTIUM OR MAY JOIN OR FORM A CONSORTIUM TO OPERATE A PROGRAM UNDER THIS SECTION.>>** The

allocation for ~~2004-2005~~ **2005-2006** to the district or the newly formed consortium under this subsection shall be determined by the department of labor and economic growth and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2003-2004 **<<OR, FOR A DISTRICT FOR WHICH A DECLARATION OF FINANCIAL EMERGENCY WAS REVOKED DURING 2005, BASED ON THE AMOUNT THE DISTRICT RECEIVED UNDER THIS SECTION USING A 3-YEAR AVERAGE OF THE 3 MOST RECENT FISCAL YEARS THE DISTRICT RECEIVED FUNDING UNDER THIS SECTION>>**. A district or consortium described in this subdivision shall notify the department of labor and economic growth of its intention with regard to ~~2004-2005~~ **2005-2006** by October 1, ~~2004~~ **2005**.

(4) A district that operated an adult education program in ~~2003-2004~~ **2004-2005** and does not intend to operate a program in ~~2004-2005~~ **2005-2006** shall notify the department of labor and economic growth by October 1, ~~2004~~ **2005** of its intention. The

1 funds intended to be allocated under this section to a district
2 that does not operate a program in ~~2004-2005~~ **2005-2006** and the
3 unspent funds originally allocated under this section to a district
4 or consortium that subsequently operates a program at less than the
5 level of funding allocated under subsection (3) shall instead be
6 proportionately reallocated to the other districts described in
7 subsection (3)(a) that are operating an adult education program in
8 ~~2004-2005~~ **2005-2006** under this section.

9 (5) The amount allocated under this section per full-time
10 equated participant is \$2,850.00 for a 450-hour program. The amount
11 shall be proportionately reduced for a program offering less than
12 450 hours of instruction.

13 (6) An adult basic education program or an adult English as a
14 second language program operated on a year-round or school year
15 basis may be funded under this section, subject to all of the
16 following:

17 (a) The program enrolls adults who are determined by an
18 appropriate assessment to be below ninth grade level in reading or
19 mathematics, or both, or to lack basic English proficiency.

20 (b) The program tests individuals for eligibility under
21 subdivision (a) before enrollment and tests participants to
22 determine progress after every 90 hours of attendance, using
23 assessment instruments approved by the department of labor and
24 economic growth.

25 (c) A participant in an adult basic education program is
26 eligible for reimbursement until 1 of the following occurs:

27 (i) The participant's reading and mathematics proficiency are

1 assessed at or above the ninth grade level.

2 (ii) The participant fails to show progress on 2 successive
3 assessments after having completed at least 450 hours of
4 instruction.

5 (d) A funding recipient enrolling a participant in an English
6 as a second language program is eligible for funding according to
7 subsection (10) until the participant meets 1 of the following:

8 (i) The participant is assessed as having attained basic
9 English proficiency.

10 (ii) The participant fails to show progress on 2 successive
11 assessments after having completed at least 450 hours of
12 instruction. The department of labor and economic growth shall
13 provide information to a funding recipient regarding appropriate
14 assessment instruments for this program.

15 (7) A general educational development (G.E.D.) test
16 preparation program operated on a year-round or school year basis
17 may be funded under this section, subject to all of the following:

18 (a) The program enrolls adults who do not have a high school
19 diploma.

20 (b) The program shall administer a G.E.D. pre-test approved by
21 the department of labor and economic growth before enrolling an
22 individual to determine the individual's potential for success on
23 the G.E.D. test, and shall administer other tests after every 90
24 hours of attendance to determine a participant's readiness to take
25 the G.E.D. test.

26 (c) A funding recipient shall receive funding according to
27 subsection (10) for a participant, and a participant may be

1 enrolled in the program until 1 of the following occurs:

2 (i) The participant passes the G.E.D. test.

3 (ii) The participant fails to show progress on 2 successive
4 tests used to determine readiness to take the G.E.D. test after
5 having completed at least 450 hours of instruction.

6 (8) A high school completion program operated on a year-round
7 or school year basis may be funded under this section, subject to
8 all of the following:

9 (a) The program enrolls adults who do not have a high school
10 diploma.

11 (b) A funding recipient shall receive funding according to
12 subsection (10) for a participant in a course offered under this
13 subsection until 1 of the following occurs:

14 (i) The participant passes the course and earns a high school
15 diploma.

16 (ii) The participant fails to earn credit in 2 successive
17 semesters or terms in which the participant is enrolled after
18 having completed at least 900 hours of instruction.

19 (9) A job or employment-related adult education program
20 operated on a year-round or school year basis may be funded under
21 this section, subject to all of the following:

22 (a) The program enrolls adults referred by their employer who
23 are less than 20 years of age, have a high school diploma, are
24 determined to be in need of remedial mathematics or communication
25 arts skills and are not attending an institution of higher
26 education.

27 (b) An individual may be enrolled in this program and the

1 grant recipient shall receive funding according to subsection (10)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by appropriate assessment instruments administered at least after
5 every 90 hours of attendance.

6 (ii) The individual fails to show progress on 2 successive
7 assessments after having completed at least 450 hours of
8 instruction. The department of labor and economic growth shall
9 provide information to a funding recipient regarding appropriate
10 assessment instruments for this program.

11 (10) A funding recipient shall receive payments under this
12 section in accordance with the following:

13 (a) Ninety percent for enrollment of eligible participants.

14 (b) Ten percent for completion of the adult basic education
15 objectives by achieving an increase of at least 1 grade level of
16 proficiency in reading or mathematics; for achieving basic English
17 proficiency; for passage of the G.E.D. test; for passage of a
18 course required for a participant to attain a high school diploma;
19 or for completion of the course and demonstrated proficiency in the
20 academic skills to be learned in the course, as applicable.

21 (11) As used in this section, "participant" means the sum of
22 the number of full-time equated individuals enrolled in and
23 attending a department-approved adult education program under this
24 section, using quarterly participant count days on the schedule
25 described in section 6(7)(b).

26 (12) A person who is not eligible to be a participant funded
27 under this section may receive adult education services upon the

1 payment of tuition. In addition, a person who is not eligible to be
2 served in a program under this section due to the program
3 limitations specified in subsection (6), (7), (8), or (9) may
4 continue to receive adult education services in that program upon
5 the payment of tuition. The tuition level shall be determined by
6 the local or intermediate district conducting the program.

7 (13) An individual who is an inmate in a state correctional
8 facility shall not be counted as a participant under this section.

9 (14) A district shall not commingle money received under this
10 section or from another source for adult education purposes with
11 any other funds of the district. A district receiving adult
12 education funds shall establish a separate ledger account for those
13 funds. This subsection does not prohibit a district from using
14 general funds of the district to support an adult education or
15 community education program.

16 (15) A district or intermediate district receiving funds under
17 this section may establish a sliding scale of tuition rates based
18 upon a participant's family income. A district or intermediate
19 district may charge a participant tuition to receive adult
20 education services under this section from that sliding scale of
21 tuition rates on a uniform basis. The amount of tuition charged per
22 participant shall not exceed the actual operating cost per
23 participant minus any funds received under this section per
24 participant. A district or intermediate district may not charge a
25 participant tuition under this section if the participant's income
26 is at or below 200% of the federal poverty guidelines published by
27 the United States department of health and human services.

1 Sec. 147. (1) The allocation for ~~2004-2005~~ **2005-2006** for the
2 public school employees' retirement system pursuant to the public
3 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
4 to 38.1408, shall be made using the entry age normal cost actuarial
5 method and risk assumptions adopted by the public school employees
6 retirement board and the department of management and budget. The
7 annual level percentage of payroll contribution rate is estimated
8 ~~14.87%~~ **16.34%** for the ~~2004-2005~~ **2005-2006** state fiscal year. The
9 portion of the contribution rate assigned to districts and
10 intermediate districts for each fiscal year is all of the total
11 percentage points. This contribution rate reflects an amortization
12 period of ~~32~~ **31** years for ~~2004-2005~~ **2005-2006**. The public
13 school employees' retirement system board shall notify each
14 district and intermediate district by February 28 of each fiscal
15 year of the estimated contribution rate for the next fiscal year.

16 (2) It is the intent of the legislature that the amortization
17 period described in section 41(2) of the public school employees
18 retirement act of 1979, 1980 PA 300, MCL 38.1341, be reduced to 30
19 years by the end of the 2005-2006 state fiscal year by reducing the
20 amortization period by not more than 1 year each fiscal year.

21 Sec. 158b. Each district that receives federal impact aid
22 annually shall report to the center, in the form and manner
23 prescribed by the ~~department~~ **CENTER**, the amount of that aid the
24 district received.

25 Sec. 164c. A district or intermediate district shall not use
26 funds appropriated under this act to purchase foreign goods or
27 services, **OR BOTH**, if ~~competitively priced~~ American goods or

Senate Bill No. 279 as amended June 16, 2005

1 services, ~~of comparable quality~~ OR BOTH, are available AND ARE
2 COMPETITIVELY PRICED AND OF COMPARABLE QUALITY. PREFERENCE SHOULD
3 BE GIVEN TO GOODS OR SERVICES, OR BOTH, MANUFACTURED OR PROVIDED BY
4 MICHIGAN BUSINESSES IF THEY ARE COMPETITIVELY PRICED AND OF
5 COMPARABLE QUALITY.

6 Enacting section 1. (1) In accordance with section 30 of
7 article I of the state constitution of 1963, total state spending
8 in this amendatory act from state sources for fiscal year 2005-2006
9 is estimated at <<\$11,346,991,350.00>> and state appropriations to be
10 paid to local units of government for fiscal year 2005-2006 are
11 estimated at <<\$11,274,967,950.00>>.

12 (2) In accordance with section 30 of article I of the state
13 constitution of 1963, total state spending from state sources for
14 fiscal year 2004-2005 in this amendatory act, 2004 PA 518, 2004 PA
15 351, and 2004 PA 185 is estimated at \$11,113,522,200.00 and state
16 appropriations to be paid to local units of government for fiscal
17 year 2004-2005 are estimated at \$11,050,922,200.00.

18 Enacting section 2. Sections 11b and 107b of the state school
19 aid act of 1979, 1979 PA 94, MCL 388.1611b and 388.1707b, are
20 repealed effective October 1, 2005.

21 Enacting section 3. (1) Except as otherwise specified in
22 subsection (2), this amendatory act takes effect October 1, 2005.

23 (2) Sections 11, 11a, 11j, 22a, 22b, 51a, and 51c of the state
24 school aid act of 1979, 1979 PA 94, MCL 388.1611, 388.1611a,
25 388.1611j, 388.1622a, 388.1622b, 388.1651a, and 388.1651c, as
26 amended by this amendatory act, take effect upon enactment of this
27 amendatory act.

